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A. Business Owner's Policy, (a.k.a. B.O.P.)

1. Characteristics and purpose

The BOP is best for ***small to medium, one location businesses*** with easily predicted coverage needs and a low exposure to loss. The purpose of a BOP is to combine the property and liability needs of a business into one policy. This can lower premium and eliminates coverage gaps as well as overlaps that may occur with separate policies. The premium is lower than a standard CPP and the coverage amounts are generally higher than if a business owner put together the policy themselves. The BOP is a special forms policy, meaning all losses are covered except for those that are specifically excluded.

BOP's include coverage for the building and the property within, business income and extra expenses, and liability. *BOP's do NOT cover professional liability, auto insurance, worker's compensation, or health and disability insurance.*

BOP's are similar to a Commercial Package Policy (CPP) in the coverage areas for businesses for property and casualty, however they are prepackaged policies similar to a Homeowner policy.

Characteristics of the BOP are relevant to the characteristics of a business. Restaurants have similar needs to other restaurants but those needs are different from a bookstore. *For example, a BOP tailors a policy to restaurants, and the producer can use that as a base and expand any extra necessary coverage for each location (e.g., specialized equipment insured for the proper value).* The key here is the main policy is already assembled by the carrier for that type of business.

With a CPP the business may choose which coverages to purchase. With a BOP most coverages are included. There are optional extra coverages available – for a fee of course – but excess coverages cannot be excluded by the client. Standard limits in a BOP may be higher than those found on a CPP.

Each policy is a complete contract and includes the declarations page, common conditions page, standard or special form coverage and endorsements. The declarations page has the who/what/where/when's of the policy. Who is the named insured, the producer, the insurer? What is the coverage for, what are the premiums? Where is the business located and when is the policy period?

2. Eligibility has expanded greatly over the years with an emphasis on small businesses. The following is a list of many businesses that qualify for a BOP. Unless otherwise noted the risks may not exceed 35,000 square feet or \$6,000,000 in annual gross sales at each location, with less than 100 employees. The basement square footage is not used in the calculation if the space is not open to the public.

- Apartments, including condominiums.
- Convenience stores including sales of gasoline without service or repair, car wash, or propane filling.
- Grocery stores, and supermarkets.
- Offices not exceeding 6 stories or 100,000 square feet in coverage.
- Restaurants no more than 7,500 sq. ft. and no grilling, open broiling, deep fat frying, etc. where there is or may be grease laden vapors requiring an exhaust system.
- Self-storage facilities no more than 2 floors in height, no square footage limit.
- Wholesale risks with no more than 25% of annual income from retail operations.
- Some contractors.

3. Ineligible for a BOP

- Auto repair, service stations, dealers, including motorcycle, motor home, and mobile home.
- Bars or pubs.
- Condominium associations *Other Than* office, commercial, or residential condominiums.
- Buildings or businesses involved in manufacturing.
- Household personal property.
- Places of amusement.
- Banks, credit unions, stockbrokers, and similar financial institutions.
- Self-storage facilities that provide outdoor storage of any type of motorized vehicle including campers.
- Most contractors.

B. Section I — Property Coverage: “We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from a Covered Cause of Loss.”

In other words, in order for the insurer to pay there must be:

1. a loss
2. to covered property
3. at the described premises
4. by a covered peril.

The property coverage includes both *Buildings–Coverage A* and *Business Personal Property–Coverage B*. Coverage A is only required when the business owner owns the building.

Additional coverages, more additional coverages (not standard but may be included), and coverage extensions may all be listed together under one heading.

1. Building (A) coverage includes:

- The building and structures described in the declarations page.
- Completed additions.
- Fixtures, including outdoor fixtures – a fixture is something permanently attached that cannot be removed without affecting the value or aesthetics of the building. *Intercoms, lighting, mailboxes, and flagpoles are examples.*
- Permanently installed machinery and equipment.
- Equipment, including personal property used to services the premises.
- Personal property furnished by the insured in areas that are rented to others. This is anything from a vacuum to a refrigerator to chairs in the lobby area owned by the insured.
- Materials, equipment, supplies, and temporary structures within 100 feet of the described premises.

2. Business Personal Property (B) coverage is property located in the building or structure, on the building or structure, outside the building or structure, in the open, or in a vehicle within 100 feet of the premises described in the declarations page, whichever is greater including:

- The insured's owned property used in the business.
- Property of others in the care, custody, or control of the insured (bailee's coverage).
- Tenants' improvements and betterments.
- Leased property that the insured has a contractual obligation to insure (like a copier).
- Exterior building glass.

3. Exclusions / perils not covered: we will not pay for loss or damage caused by any of the following.

Such loss of damage is excluded regardless of any other cause or event that contributes concurrently or is any sequence of the loss.

Exception: if the loss results in fire, the 'following fire' damage is covered.

- Ordinance or law – regulating construction or requiring the tearing down of any property. This applies whether or not there is damage to property.
- Earth movement; including earthquake, landslide, mine subsidence, earth sinking, rising, or lifting causing damage to foundations or other parts of property.
 - NOTE: damage from fire or explosion due to the earthquake is covered.
 - NOTE: earthquake can be endorsed.
- Volcanic eruption, explosion, or effusion. If there is fire or building glass breakage as a result the fire and building glass loss will be covered.
 - Note: Earthquake and Volcanic action endorsement is available.
- Government Action excludes coverage for seizure or destruction of property as a result of government action.
 - *For example, if the DEA seizes or destroys property this will not apply. However, if the building is destroyed by a government authority as a fire block to stop the spread of a fire, that will be covered.*
- Nuclear reaction or radiation or radioactive contamination.
- **Utility Services.**
- War and military action.
- Water flood, surface water, waves, tides, etc. Generally, water from outside sources is not covered. Interior water sources may be covered, such as sprinkler leakage.
- Certain computer related losses.
- Fungi, wet rot, or dry rot.
- Virus or bacteria.

4. Exclusions / perils not covered: we will not pay for loss or damage caused by any of the following:

- Electrical apparatus
- Consequential losses, *e.g., delay, loss of use, or loss of market*
- Smoke, vapor or gas from agricultural smudging or industrial operations
- Steam apparatus
- Frozen plumbing
 - Note: If you maintained heat in the building or drained the equipment and shut off the supply and the plumbing system freezes, there is coverage.
- Dishonest or criminal acts
- False pretense (fraud, trick, or false pretense inducing the voluntary parting of property)
 - *E.g., 'they told me they were picking up the computer for the insured, the insured claims they do not know them,'* that theft is not covered.
- Exposed property suffering damages from rain, snow, ice, or sleet
- Collapse
- Pollution
- Neglect
- Other Types of Loss
 - Wear and tear; Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself; Smog; Settling, cracking, shrinking, or expansion; Nesting or infestation, or charge or release of waste products or secretions, by insects, birds, rodents, or other animals; Mechanical breakdown, including rupture or bursting caused by centrifugal force (does not apply with respect to the breakdown of "computer(s)"); Loss of personal property due to dampness or dryness of atmosphere, changes in or extremes of temperature, or marring or scratching.
- Errors Or Omissions
- Installation, Testing, Repair
- Electrical Disturbance
- Continuous or Repeated Seepage or Leakage of Water
- Business Income and extra expenses resulting from delay in repair or resuming operations
- Accounts receivable records lost to conceal a theft

5. Additional Coverages; *extra coverages available at no cost with limited payouts*

It is not necessary to memorize all the additional coverages or the amounts

- *Business Income*
- *Business Income from Dependent properties*
- *Collapse* *- Included*
- *Civil Authority**

**when a loss from a covered peril occurs away from the premises, we will cover the lost business income after 72 hours, extra expenses will be covered immediately.*

For example, a large riot occurs at a building down the street causes a road closure and customers cannot get to your business.

- *Debris Removal* - 25% of covered loss
- *Electronic Data*
- *Extra Expense (to stay open)*
- *Fire Department Service Charge* - \$ 2,500
- *Fire Extinguisher Systems Recharge Expense*
- *Forgery or Alteration*
- *Fungi, wet or dry rot only when it is a result of a specified cause of loss, E.g., accidental discharge occurs and mold develops, the BOP will pay*
- *Glass Expenses* - Included
- *Interruption of Computer Operations**
**limited to specified causes of loss*
**if the BOP is endorsed to add a covered cause of loss, that does not apply here*
**includes a computer virus on a computer or network designed to destroy data or interrupt business*
- *Increased Cost of Construction and Demolition Costs* - 10%
(applies only when buildings are insured on a replacement cost basis)
- *Money Orders and Counterfeit Money*
- *Pollutant Clean Up And Removal*
- *Preservation Of Property* - 30 Days
- *Water Damage, Other Liquids, Powder of Molten Material Damage* -Included

6. More Additional Coverages; extra coverages available at no cost with limited payouts

- *Arson Reward*
- *Damage to Non-owned Buildings From Theft, Burglary Or Robbery - Coverage B Limit*
- *Equipment Breakdown* - Included
- *Money and Securities (On Premises)*
- *Money and Securities (Off Premises)*
- *Ordinance or Law – Equipment Coverage* - Included
- *Property Of Others*
(applies only to those premises provided Coverage B – Business Personal Property)
- *Signs (if needed above the normal 1,000 limit)* - \$ 2,500

7. Coverage extensions extends coverage to....

- *Newly Acquired Or Constructed Buildings*
(applies only if this policy provides Coverage A – Buildings)
- *Newly Acquired Business Personal Property **ONLY at a new location***
(applies only if this policy provides Coverage B – Business Personal Property)
- *Personal Property Off Premises*
- *Business Personal Property Temporarily stored in Portable storage units**
**stored within 100 feet of described premises*
**90 days*

- *Outdoor Property*
- *Personal Effects*
(applies only to those premises provided Coverage B – Business Personal Property)
- *Valuable Papers and Records*
On Premises
Off Premises
- *Accounts Receivable*
On Premises
Off Premises
- *Trees are normally excluded from a Business Owner Policy, but specified trees are listed as valued objects. The internal limits of a Business Owners Policy are \$2,500 but not more than \$1000 per tree, plant, or shrub. The loss must be caused by fire, lightning, explosion, riot or civil commotion, or aircraft.*

8. Limits of Insurance

- A BOP may limit the coverage amounts in certain types of losses.
 - Please note the limits above as examples. *For example, the damage from the hot water heater is covered, the hot water heater itself is not replaced.*
- Mysterious disappearance.
- Business property not on the premises.
- Items lost or destroyed due to poor maintenance. *E.g., a leaky roof ends with water on the computer equipment. However, if a tree fell on the roof and this caused the water damage, it would be covered as the cause of the loss was due to a covered peril.*
- Internal limits also include theft of furs, jewelry, watches, precious and semi-precious stones, patterns, dies, molds and forms, etc., limited to \$2,500 total.

9. Exclusions (SAME AS CPP)

- aircraft and any motor vehicle subject to motor vehicle registration, watercraft while afloat including motors, equipment and accessories
- land
- computers that are permanently installed in a vehicle - aircraft, watercraft, motortruck or any vehicle subject to motor vehicle registration
- contraband and property being illegally transported
- accounts, evidence of debt, accounts receivable, valuable papers and records
- outdoor fences, trees plants and shrubs**
- money and securities**
- outdoor signs not attached to the building**

** these items may be added by endorsement

10.Deductibles- The standard deductible of \$500 or \$1,000 is per occurrence. There may be a separate deductible for losses to money and securities and equipment breakdown.

11.Loss Conditions (SAME AS CPP)

- **Abandonment** means the business owner may not abandon the property to the company and claim a total loss.
- **Appraisal:** if we disagree on the amount of the loss (the insurance company and consumer), either party may demand an appraisal. Each party selects and pays for an appraiser. If the two appraisers do not agree, a third party, called an umpire, paid for by both the insured and the insurer, decides which amount the company must pay.
- **Cancellation:** The first named insured may cancel the policy by mailing it in or in writing at any time. A refund will be on a short rate basis (all unearned premium less a service fee).
- We may cancel the policy with a 30 day written notice for any reason. We will mail to the First Named Insured. If a notice is mailed we only need show it was mailed to the last mailing address on file. Should We cancel a refund will be given on a pro rata basis (all unearned premium refunded).
- There will be a 10 day notice for nonpayment of premium.
- We may cancel with a 5 day written notice if: the building is vacant or unoccupied for more than 60 consecutive days, including 65% of the building rental area being vacant or unoccupied for more than 60 consecutive days; damage caused by a covered peril is not repaired or contracted for repair within 30 days of initial payment; there is an order to vacate, a demolition order or the building is condemned; fixed and/or salvageable items removed have not been replaced; failure to furnish heat, water, sewer or electricity for 30 days or delinquency in property taxes.
- **Changes:** Only the First Named Insured may make changes.
- **Concealment, misrepresentation or fraud** related to this policy will result the policy being void.
- **Duties in the event of a Loss:**
 - Notify the police
 - Give us prompt notice
 - Give a description of the loss
 - Protect the property from further damage
 - At our request, give a complete inventory of damage
 - Permit inspection of damaged property
 - Send us a signed sworn proof of loss within 60 days
 - Cooperate in the investigation
 - *Resume all or part of your operations as quickly as possible.*
- **Examination of Your Books and Records:** We may examine your books and records for up to 3 years after the policy period ends.
- **Inspections and Surveys:** We have the right to inspect or survey the premises at any time.
- **Insurance Under 2 or More Coverages:** We will not pay more than the total loss.
- **Legal Action** within 2 years, only after full compliance with all of the terms.

- **Loss payment:**
 - Pay the value
 - Pay the cost of repairing or replacing
 - Take all or any part of the property at an agreed or appraised value
 - Repair, rebuild, or replace with other property of like kind and quality
 - We will give you notice of our intentions within 30 days after we receive the sworn proof of loss
 - We will not pay more than your financial interest in the property.
- **Liberalization:** We may change the policy for the better of the insured without an increase in premium at any time.
- **Other Insurance:** How do we pay if the loss is covered by another policy.
- **Premium** is the responsibility of the First Name Insured.
- **Premium Audit:** We may audit the premium at any time if a reporting policy.
- **Recovered Property:** If either party recovers property after loss settlement, that party must give the other prompt notice. The insured may keep either payment or property, but not both.
- **Transfer of Right of Recovery Against Others to Us:** If WE paid for a loss and someone else is liable, we have the right to subrogate and be reimbursed for the amount paid out.
- **Transfer of Your Rights and Duties Under This Policy:** May not be transferred to others without our written consent.

12. Property General Conditions

- **Control of Property;** Any act or neglect of a person other than you, beyond your direction or control, will not affect this insurance. *E.g., arson.*
- **Mortgageholder:**
 - The term Mortgageholder includes Trustee
 - The Mortgageholder will be indemnified in the order in which they are listed in the policy
 - The Mortgageholder has the right to receive payment even if they have started foreclosure or similar action on the property
 - If we deny your claim because of your acts or failure to comply with the conditions listed the Mortgageholder will be have the right to be indemnified if
 - they pay any premium due
 - they submit a signed proof of loss within 60 days
 - has notified 'us' of any change in ownership, occupancy, or risk
 - If the Mortgageholder does not comply the claim may be denied to them
- **No benefit to the bailee:** a bailee is the temporary holder of another's goods. If there is a loss the goods will be covered but no additional moneys are paid to the bailee from this insurance policy.
- **The policy period** is 1 year and starts and ends at 12:01 A.M. standard time
- **The policy territory** is the United States, its territories and possessions, Puerto Rico, and Canada

13. Optional Coverages; extra coverage if needed for an additional cost

- Employee Dishonesty
- Mechanical Breakdown
- Signage; *signs attached to the building are covered for \$1000 under a BOP, this expands that coverage area and amount*
- Money and Securities

14. Definitions

The definitions in a policy are important since they may determine whether or not a claim is paid.

- i. **Computer** : programmable electronic equipment that is used to store, retrieve, and process data. May include associated peripheral equipment that provides communication, including input and output functions such as printing and data transmission.
 - ii. **Counterfeit money** : an imitation of money that is intended to deceive and be taken as genuine.
 - iii. **Electronic Data** : information, facts, or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices, or any other repositories of computer software which are used with electronically controlled equipment. *The term computer programs, referred to here, means a set of related electronic instructions which direct the operations and functions of a "computer" or device connected to it, which enable the "computer" or device to receive, process, store, retrieve, or send data.*
 - iv. **Fungi** : any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents, or by-products produced or released by fungi.
 - v. **Manager** : A person serving in a directorial capacity for a limited liability company.
 - vi. **Member** : An owner of a limited liability company represented by its membership interest, who may also serve as a "manager."
 - vii. **Money** : Currency, coins, and bank notes in current use and having a face value; and Traveler's checks, register checks, and money orders held for sale to the public.
 - viii. **Operations** : Your business activities occurring at the described premises.
 - ix. **Period of Restoration** : The period of time that:
 - a) 72 hours after the time of direct physical loss or damage for Business Income coverage; or
 - b) Immediately after the time of direct physical loss or damage for Extra Expense coverage; caused by or resulting from any Covered Cause of Loss at the described premises; and
- 2) Ends on the earlier of:
- a) Regulates the construction, use or repair, or requires the tearing down of any property; or
 - b) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or in any way respond to, or assess the effects of "pollutants." The expiration date of this policy will not cut short the "period of restoration."

- x. Pollutants** : Any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. Waste includes materials to be recycled, reconditioned, or reclaimed.
- xi. Securities** : Negotiable and non-negotiable instruments or contracts representing either “money” or other property and includes:
- 1) Tokens, tickets, revenue, and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - 2) Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you; but does not include “money.”
- xii. Specified Causes of Loss** : Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice, or sleet; water damage.
- 1) *Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:*
 - a) *The cost of filling sinkholes; or*
 - b) *Sinking or collapse of land into manmade underground cavities.*
 - 2) *Falling objects does not include loss of or damage to:*
 - a) *Personal property in the open; or*
 - b) *The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.*
 - 3) *Water damage means:*
 - a) *Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam; and*
 - b) *Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the described premises and is part of a municipal potable water supply system or municipal sanitary sewer system, if the breakage or cracking is caused by wear and tear. But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion.*

Therefore, for example, there is no coverage in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth under Water Damage of this definition, such water is not subject to the provisions of the Water Exclusion which preclude coverage for surface water or water under the ground surface.
- xiii. Stock** : Merchandise held in storage or for sale, raw materials, and in-process or finished goods, including supplies used in their packing or shipping.
- xiv. Valuable Papers and Records** : Inscribed, printed, or written:
- 1) Documents;
 - 2) Manuscripts; and
 - 3) Records; including abstracts, books, deeds, drawings, films, maps, or mortgages. But “valuable papers and records” does not mean “money” or “securities.”

C. Section II — Liability

1. Coverages: The Insuring Agreement states that WE agree to pay all sums the insured becomes legally obligated to pay as damages because of bodily injury (BI), property damage (PD), personal injury (PI) and advertising injury (AI) for which this insurance applies. WE will have the Right and Duty to Defend the insured by counsel of our choice against any suit seeking those damages. WE may, at our discretion, investigate any occurrence or offense and settle any claim or suit with or without the insured consent.

- BUT: the amount we will pay for damages is limited as described in the policy and
- Our right and duty to defend end we have used up the applicable limit of insurance in the payment of judgements or settlements or medical expenses.
- **Bodily Injury** means bodily harm, sickness, or disease caused to a **third party**. Bodily injury includes: required care, loss of services (*e.g., lost wages, daycare while visiting the doctor, walking the dog, doing the yardwork, etc.*) and death resulting from the bodily harm.
- **Property Damage** is defined as physical injury to tangible property, including all resulting loss of use of that property.
- **Personal injury** includes false arrest, malicious prosecution, libel (in writing), slander (verbal), defamation of character, invasion of privacy, and wrongful eviction or entry.
- **Advertising Injury** is personal injury caused by advertising, which includes slander, libel, and invasion of privacy, and also such things as copyright infringement or stealing someone's advertising idea.
- **Duty to Defend** - The insurer has the right and *duty to defend* the insured in any suit but it may, at its discretion, investigate an *occurrence* and settle any claim or suit that may result. Duty to defend costs are above and beyond the policy limits listed on the declarations page. Costs incurred may include attorneys, investigators, court costs, and all the supplemental costs listed below.
- **Supplemental costs** include:
 - § Up to \$250 for bail bonds required because of accidents or traffic violations arising out of the use of any vehicle to which Coverage L (liability) applies
 - § Premiums on appeal bonds or bonds to release attachments
 - § Interest accruing on post and pre-judgments
 - § \$250 a day for earnings lost for time off to assist in the claim at the company's request
 - § Reasonable expenses incurred at the company's request
 - § **These payments will not reduce the limit of insurance**

Coverage applies if the incident causing injury or damage in the covered territory and during the policy period. Once the policy limit is paid out, duty to defend ends.

- **Medical Payments** covers medical expenses without regard to fault when an accident arises out of the insured's operations or on the insured's premises.
 - The coverage applies to ***reasonable expenses for***
 - ***First aid administered*** at the time of the accident;
 - Necessary medical, surgical, x-ray, and dental services including prosthetic devices; and
 - Necessary ambulance, hospital, and professional nursing services; and funeral services.
- The accident must occur during the policy period and expenses must be reported within **one year** from the date of the accident.

Injuries to an insured or a tenant of the insured or employee of the insured are NOT covered.

2. Exclusions

- expected or intended injury, injury as a result of willful and malicious or criminal acts
- contractual liability
- liquor liability
- workers' compensation, employers' liability, employment related practices
- pollution
- aircraft, auto, or watercraft
- mobile equipment
- war
- professional services or treatment
- your own property, damage to your product (remember liability = third party coverage)
- recall of your products
- Personal Injury or Advertising Injury caused by or at the direction of an insured
- electronic data
- fungi
- Exception: damage to premises rented to you for which you are legally liable is covered even though it is in the care, custody, or control of the insured. Subject to limits.

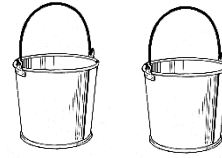
3. Who is an Insured

- In a sole proprietorship, you and your spouse ***while conducting business***.
- In a partnership, any members, partners, or spouses, all ***while conducting business***.
- In an corporation, you, your executive officers, directors, and stockholders with respect to their liability as officers, directors and stockholders.
- ***Employees and anyone else while representing the insured business.***

4. Limits of Insurance

There are 2 'buckets of money' in the liability payout section. One is the General Aggregate and the other is Products and Completed Operations Aggregate. This is identical to the CGL portion of a CPP.

- **The limits shown in the Declarations fix:**



i. The most WE will pay out regardless of the number of

- a) insureds
- b) premises insured
- c) claims made or suits brought or
- d) persons or organizations making claims or bringing suits

ii. The most we will pay for the sum of all damages for

- BI, PD, and MED out of one occurrence and
- PI and AI sustained by any one person or organization

iii. The most WE will pay for damages because of property damage to a premises while rented to you.

iv. The aggregate limits (the maximum an insurer will pay for covered losses in a policy period, usually 1 year)

- for BI and PD for Products and Completed Operations
- for BI, PD, PI, AI, and Med in the general aggregate

The aggregate for products and completed operations is listed separately from the general aggregate.

They are each twice the business liability limit of insurance. For example, Ms. M's policy has a business liability limit of 1 million, medical expenses to others \$5000 and damage to premises rented to you at \$300,000. The Products/Completed Operations and General Aggregate are each 2 million.

5. Liability General Conditions

The conditions portion of a policy addresses the rights and obligations duties in the event of an occurrence, of both parties to the contract. The general conditions in a BOP liability portion deal with bankruptcy of the insured, etc., as follows:

Bankruptcy of the insured will not relieve the insurer of any obligations due.

Duties in the event of an occurrence notify the insurer immediately, details of the event, names and addresses of witnesses, the nature of any damage. Additional reporting duties may happen if suit is filed.

- authorize US to obtain records or other information
- cooperate in the investigation
- assist us, at our request
- do not voluntarily make a payment, assume obligation, incur any expense other than first aid.

Legal action against US is allowed if all the other conditions were met.

Separation of the insured a.k.a. severability, means the insurance applies separately to each person insured subject to the policy limits and the limits are not increased if 2 or more insureds are named in the suit.

6. Definitions

The definitions in a policy are important since they may determine whether or not a claim is paid.

- i. Advertisement** - A notice that is broadcast or published to the general public or specific market segments about your goods, products, or services for the purpose of attracting customers or supporters. For the purposes of this definition:
 - 1) Notices that are published include material placed on the Internet or on similar electronic means of communication; and
 - 2) Regarding websites, only that part of a web-site that is about your goods, products, or services for the purposes of attracting customers or supporters is considered an advertisement.
- ii. Auto** - A land motor vehicle, trailer, or semitrailer designed for travel on public roads, including any attached machinery or equipment; or
 - 2) Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged.
- iii. Bodily injury** - Bodily injury, sickness, or disease sustained by a person, including death resulting from any of these at any time.
- iv. Coverage territory** - The United States of America (including its territories and possessions), Puerto Rico, and Canada;
 - 2) International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included above; or
 - 3) All other parts of the world if the injury or damage arises out of:
 - a) Goods or products made or sold by you in the territory described above; or
 - b) The activities of a person whose home is in the territory described above, but is away for a short time on your business; or
 - c) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication;provided the insured's responsibility to pay damages is determined in a "suit" on the merits in the territory described above in a settlement we agree to.

- v. **Employee** includes a "leased worker." "Employee" does not include a "temporary worker."
- vi. **Executive officer** - A person holding any of the officer positions created by your charter, constitution, by-laws, or any similar governing document.
- vii. **Hostile fire** - One which becomes uncontrollable or breaks out from where it was intended to be.
- viii. **Impaired property** - Tangible property, other than "your product" or "your work," that cannot be used or is less useful because:
 - 1) It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate, or dangerous; or
 - 2) You have failed to fulfill the terms of a contract or agreement; if such property can be restored to use by:
 - a) Your repair, replacement, adjustment, or removal of "your product" or "your work;" or
 - b) Your fulfilling the terms of the contract or agreement.
- ix. **Insured contract** - Business liability provides contractual liability coverage for claims involving insured contracts. There are six categories of insured contracts afforded contractual liability coverage.
 - 1) A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract;"
 - 2) A sidetrack agreement;
 - 3) Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
 - 4) An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
 - 5) An elevator maintenance agreement;
 - 6) That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

This part does not include that part of any contract or agreement:

 - a) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road beds, tunnel, underpass, or crossing;
 - b) That indemnifies an architect, engineer, or surveyor for injury or damage arising out of:
 - i) Preparing, approving, or failing to prepare or approve maps, drawing, opinions, reports, surveys, change orders, designs, or specifications; or
 - ii) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
 - c) Under which the insured, if an architect, engineer, or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed above, and supervisory, inspection, or engineering services.
- x. **Leased worker** - A person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker."

xi. Loading or unloading - The handling of property:

- 1) After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft, or "auto;"
- 2) While it is in or on an aircraft, watercraft, or "auto;" or
- 3) While it is being moved from an aircraft, watercraft, or "auto" to the place where it is finally delivered;

But "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft, or "auto."

xii. Mobile equipment - Any of the following types of land vehicles, including any attached machinery or equipment:

- 1) Bulldozers, farm machinery, forklifts, and other vehicles designed for use principally off public roads;
- 2) Vehicles maintained for use solely on or next to premises you own or rent;
- 3) Vehicles that travel on crawler treads;
- 4) Vehicles, whether self-propelled or not, on which are permanently mounted:
 - a) Power cranes, shovels, loaders, diggers, or drills; or
 - b) Road construction or resurfacing equipment such as graders, scrapers, or rollers;
- 5) Vehicles not described above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - a) Air compressors, pumps, and generators, including spraying, welding, building cleaning, geophysical exploration, lighting, and well servicing equipment; or
 - b) Cherry pickers and similar devices used to raise or lower workers;
- 6) Vehicles not described above which are maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

- 1) Equipment designed primarily for:
 - a) Snow removal;
 - b) Road maintenance, but not construction or resurfacing; or
 - c) Street cleaning;
- 2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- 3) Air compressors, pumps, and generators, including spraying, welding, building cleaning, geophysical exploration, lighting, and well servicing equipment.

However, "mobile equipment" does not include land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicles insurance or motor vehicle registration law where they are licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law or motor vehicle registration law are considered "autos."

xiii. Occurrence - An accident, including continuous or repeated exposure to substantially the same general harmful conditions.**xiv. Personal and advertising injury** - Injury, including consequential "bodily injury," arising out of one or more of the following offenses:

- 1) False arrest, detention, or imprisonment;
- 2) Malicious prosecution;
- 3) The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling, or premises that a person occupies, by or on behalf of its owner, landlord, or lessor;

- 4) Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products, or services;
- 5) Oral or written publication, in any manner, of material that violates a person's right of privacy.
- 6) The use of another's advertising idea in your "advertisement;" or
- 7) Infringing upon another's copyright, trade dress, or slogan in your "advertisement."

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

xvi. Products-completed operations hazard - Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

- a) Products that are still in your physical possession; or
- b) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - i) When all of the work called for in your contract has been completed.
 - ii) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - iii) When that part of the work done at the job site has been put to its intended use by any other person or organization other than another contractor or subcontractor working on the same project.Work that may need service, maintenance, correction, repair, or replacement, but which is otherwise complete, will be treated as completed.

The "bodily injury" or "property damage" must occur away from premises you own or rent, unless your business includes the selling, handling, or distribution of "your product" for consumption on premises you own or rent.

- 2) Does not include "bodily injury" or "property damage" arising out of:
 - a) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured; or
 - b) The existence of tools, uninstalled equipment, or abandoned or unused materials.

xvii. Property damage - Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or

- 2) Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

xviii. Suit - A civil proceeding in which damages because of "bodily injury," "property damage," or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

- 1) An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
- 2) Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

xix. Temporary worker - A person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

- xx. Volunteer worker** - A person who is not your "employee," and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary, or other compensation by you or anyone else for their work performed for you.
- xxi. Your product** - Means:
- a) Any goods or products, other than real property, manufactured, sold, handled, distributed, or disposed of by:
 - i) You;
 - ii) Others trading under your name; or
 - iii) A person or organization whose business or assets you have acquired; and
 - b) Containers (other than vehicles), materials, parts, or equipment furnished in connection with such goods or products.
- 2) Includes:
- a) Warranties or representations made at any time with respect to the fitness, quality, durability, performance, or use of "your product;" and
 - b) The providing of or failure to provide warnings or instructions.
- 3) Does not include vending machines or other property rented to or located for the use of others but not sold.
- xxii. Your work** - Means:
- a) Work or operations performed by you or on your behalf; and
 - b) Materials, parts, or equipment furnished in connection with such work or operations.
- 2) Includes:
- a) Warranties or representations made at any time with respect to the fitness, quality, durability, and performance or use of "your work;" and
 - b) The providing of or failure to provide warnings or instructions.