

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

# EARTHQUAKE AND VOLCANIC ERUPTION COVERAGE WITH FLAT-DOLLAR DEDUCTIBLE

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART  
STANDARD PROPERTY POLICY

### SCHEDULE

Earthquake And Volcanic Eruption Coverage				
Building Number/ Premises Number	Deductible	Limit Of Insurance	Including Masonry Veneer Option	
	\$	\$	Yes	No
	\$	\$	Yes	No
	\$	\$	Yes	No
Earthquake – Sprinkler Leakage Only*				
Building Number/Premises Number	Limit Of Insurance			
	\$			
	\$			
	\$			
*The Deductible for Earthquake – Sprinkler Leakage Only is the same Deductible that applies to Fire.				
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.				

- A.** When this endorsement is attached to the Standard Property Policy, the terms Coverage Part and Coverage Form in this endorsement are replaced by the term policy.
- B.** This endorsement applies to the Covered Property and Coverages for which a Limit Of Insurance is shown in the Schedule.
- C. Additional Covered Causes Of Loss**
  - 1. The following are added to the Covered Causes of Loss:
    - a. Earthquake.
    - b. Volcanic Eruption, meaning the eruption, explosion or effusion of a volcano.

All Earthquake shocks or Volcanic Eruptions that occur within any 168-hour period will constitute a single Earthquake or Volcanic Eruption. The expiration of this Policy will not reduce the 168-hour period.

- 2. If the Schedule indicates that this endorsement covers Earthquake – Sprinkler Leakage Only, then the Covered Causes of Loss in Paragraph C.1. of this endorsement do not apply, and the following apply instead:
  - a. Sprinkler Leakage resulting from Earthquake.

- b. Sprinkler Leakage resulting from Volcanic Eruption. Volcanic Eruption means the eruption, explosion or effusion of a volcano.

All Earthquake shocks or Volcanic Eruptions that occur within any 168-hour period will constitute a single Earthquake or Volcanic Eruption. The expiration of this Policy will not reduce the 168-hour period.

#### **D. Exclusions, Limitations And Related Provisions**

1. The Exclusions and Limitation(s) sections of the Causes Of Loss Form (and the Exclusions section of the Mortgageholders Errors And Omissions Coverage Form and the Standard Property Policy) apply to coverage provided under this endorsement, except as provided in Paragraphs **D.2.** and **D.3.** below.
2. To the extent that the Earth Movement Exclusion might conflict with coverage provided under this endorsement, the **Earth Movement** Exclusion does not apply.
3. The exclusion of collapse, in the Causes Of Loss – Special Form and Mortgageholders Errors And Omissions Coverage Form, does not apply to collapse caused by Earthquake or Volcanic Eruption.
4. The Additional Coverage – Collapse, in the Causes Of Loss – Broad Form, Causes Of Loss – Special Form and Mortgageholders Errors And Omissions Coverage Form, does not apply to the coverage provided under this endorsement. This endorsement includes coverage for collapse caused by Earthquake or Volcanic Eruption.
5. We will not pay for loss or damage caused directly or indirectly by tidal wave or tsunami, even if attributable to an Earthquake or Volcanic Eruption.
6. We will not pay for loss or damage caused by or resulting from any Earthquake or Volcanic Eruption that begins before the inception of this insurance.
7. The Ordinance Or Law Exclusion in this Coverage Part continues to apply with respect to any loss under this Coverage Part including any loss under this endorsement, unless Ordinance Or Law Coverage is added by endorsement.

8. We will not pay for loss of or damage to exterior masonry veneer (except stucco) on wood frame walls caused by or resulting from Earthquake or Volcanic Eruption. The value of such veneer will not be included in the value of Covered Property or the amount of loss when applying the Property Damage Deductible applicable to this endorsement.

This limitation, **D.8.**, does not apply if:

- a. The Schedule indicates that the "Including Masonry Veneer" option applies or the premises description in the Declarations specifically states "Including Masonry Veneer"; or
  - b. Less than 10% of the total outside wall area is faced with masonry veneer (excluding stucco).
9. Under this Coverage Part, as set forth under Property Not Covered in the Coverage Form to which this endorsement is attached, land is not covered property, nor is the cost of excavations, grading, backfilling or filling. Therefore, coverage under this endorsement does not include the cost of restoring or remediating land.

#### **E. Property Damage Deductible**

1. The provisions of Paragraph **E.3.** of this endorsement are applicable to all Coverage Forms except:
  - a. Business Income (And Extra Expense) Coverage Form;
  - b. Business Income (Without Extra Expense) Coverage Form; and
  - c. Extra Expense Coverage Form.
2. If the Schedule indicates that this endorsement covers Earthquake – Sprinkler Leakage Only, then the Deductible provisions set forth in Paragraph **E.3.** of this endorsement do not apply to such coverage. The applicable Deductible for such coverage is the same Deductible that applies to Fire.

3. The Deductible, if any, in this Coverage Part is replaced by the following with respect to Earthquake and Volcanic Eruption:

**Deductible Clause**

- a. The Deductible provisions apply to each Earthquake or Volcanic Eruption. A single Earthquake or Volcanic Eruption is defined in Paragraph C. of this endorsement.
- b. We will not pay for loss or damage until the amount of loss or damage exceeds the applicable Deductible. Subject to the provisions of 3.c. below, we will then pay the amount of loss or damage in excess of that Deductible, up to the applicable Limit of Insurance, after any reduction required by any of the following: Coinsurance Condition, Agreed Value Optional Coverage, Additional Condition – Need For Adequate Insurance or Additional Condition – Need For Full Reports.
- c. Applicable Deductibles by location are shown in the Schedule. If a Deductible is shown for a particular building, then that building is considered to be a separate location for the purpose of this Deductible Clause.

The Deductible specified for a particular location applies to all property at that location. Therefore, if a building is shown in the Schedule as a separate location, all Covered Property at that location is subject to that Deductible. The Deductible will apply only once at that location in each occurrence of Earthquake or Volcanic Eruption.

If one occurrence of Earthquake or Volcanic Eruption results in loss or damage at more than one location, the applicable Deductible will apply separately to loss or damage at each location that has sustained loss or damage, in accordance with the information shown in the Schedule for locations and Deductibles. Therefore, for example, if an Earthquake damages two buildings which are shown in the Schedule as separate locations, the applicable Deductible will be applied separately to the loss at each location.

- d. If there is loss or damage caused by Earthquake or Volcanic Eruption, and loss or damage caused by a Cause of Loss (e.g., fire) that is covered by means of an exception to the Earth Movement Exclusion, then the only applicable Deductible provisions are those stated in this endorsement.

**EXAMPLE – APPLICATION OF DEDUCTIBLE**

This example assumes:

- That the loss at each location is less than the sum of the Limit of Insurance and the Deductible applicable to that location.
- An Earthquake damages Buildings 1 and 2, and Business Personal Property at those buildings.

Location	Deductible	Loss to Building	Loss to Business Personal Property
Building Loc. 1	\$10,000	\$50,000	\$50,000
Building Loc. 2	\$10,000	\$10,000	\$20,000

**Calculation of Loss Payment**

**Building Location 1**

Total amount of loss	\$100,000
Minus deductible	<u>– \$10,000</u>
Loss Payment	\$90,000

**Building Location 2**

Total amount of loss	\$30,000
Minus deductible	<u>– \$10,000</u>
Loss Payment	\$20,000

**F. Business Income And Extra Expense Period Of Restoration**

This Paragraph F. is applicable only to the Coverage Forms specified below:

1. Business Income (And Extra Expense) Coverage Form;
2. Business Income (Without Extra Expense) Coverage Form; and
3. Extra Expense Coverage Form.

The "period of restoration" definition stated in the Coverage Form, or in any endorsement amending the beginning of the "period of restoration", applies to each Earthquake or Volcanic Eruption. A single Earthquake or Volcanic Eruption is defined in Paragraph C. of this endorsement.