

BUSINESSOWNERS COMMON POLICY CONDITIONS

All coverages of this policy are subject to the following conditions.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to **us** advance written notice of cancellation.
2. **We** may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. Five (5) days before the effective date of cancellation if any one (1) of the following conditions exists at any building that is Covered Property in this policy:
 - (1) The building has been vacant or unoccupied sixty (60) or more consecutive days.
This does not apply to:
 - (a) Seasonal unoccupancy; or
 - (b) Buildings in the course of construction, renovation, or addition.
Buildings with sixty-five percent (65%) or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.
 - (2) After damage by a covered cause of loss, permanent repairs to the building:
 - (a) Have not started, and
 - (b) Have not been contracted for,
within thirty (30) days of initial payment of loss.
 - (3) The building has:
 - (a) An outstanding order to vacate;
 - (b) An outstanding demolition order; or
 - (c) Been declared unsafe by governmental authority.
 - (4) Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling.
 - (5) Failure to:
 - (a) Furnish necessary heat, water, sewer service, or electricity for thirty (30) consecutive days or more, except during a period of seasonal unoccupancy; or
 - (b) Pay property taxes that are owing and have been outstanding for more than one (1) year following the date due, except that this provision will not apply where **you** are in a bona fide dispute with the taxing authority regarding payment of such taxes.
 - b. Ten (10) days before the effective date of cancellation if **we** cancel for nonpayment of premium.
 - c. Thirty (30) days before the effective date of cancellation if **we** cancel for any other reason.
3. **We** will mail or deliver **our** notice to the first Named Insured's last mailing address known to **us**.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, **we** will send the first Named Insured any premium refund due. If **we** cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if **we** have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between **you** and **us** concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with **our** consent. This policy's terms can be amended or waived only by endorsement issued by **us** and made a part of this policy.

C. Concealment, Misrepresentation, Or Fraud

This policy is void in any case of fraud by **you** as it relates to this policy at any time. It is also void if **you** or any other Insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This policy;
2. The Covered Property;
3. **Your** interest in the Covered Property; or
4. A claim under this policy.

D. Examination Of Your Books And Records

We may examine and audit **your** books and records as they relate to this policy at any time during the policy period and up to three (3) years afterward.

E. Inspections And Surveys

We have the right but are not obligated to:

1. Make inspections and surveys at any time;
2. Give **you** reports on the conditions **we** find; and
3. Recommend changes.

Any inspections, surveys, reports, or recommendations relate only to insurability and the premiums to be charged. **We** do not make safety inspections. **We** do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And **we** do not warrant that conditions:

1. Are safe or healthful; or
2. Comply with laws, regulations, codes, or standards.

This condition applies not only to **us**, but also to any rating, advisory, rate service, or similar organization which makes insurance inspections, surveys, reports, or recommendations.

F. Insurance Under Two (2) Or More Coverages

If two (2) or more of this policy's coverages apply to the same loss or damage, **we** will not pay more than the actual amount of the loss or damage.

G. Liberalization

If **we** adopt any revision that would broaden the coverage under this policy without additional premium within forty-five (45) days prior to or during the policy period, the broadened coverage will immediately apply to this policy.

H. Other Insurance

1. If there is other insurance covering the same loss or damage, **we** will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether **you** can collect on it or not. But **we** will not pay more than the applicable Limit of Insurance.
2. Business Liability Coverage is excess over any other insurance that insures for direct physical loss or damage.
3. When this insurance is excess, **we** will have no duty under Business Liability Coverage to defend any claim or **suit** that any other insurer has a duty to defend. If no other insurer defends, **we** will undertake to do so; but **we** will be entitled to the insured's rights against all those other insurers.

I. Premiums

1. The first Named Insured shown in the Declarations:
 - a. Is responsible for the payment of all premiums; and
 - b. Will be the payee for any return premiums **we** pay.
2. The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation, or anniversary of the effective date of this policy, **we** will compute the premium in accordance with **our** rates and rules then in effect.
3. With **our** consent **you** may continue this policy in force by paying a continuation premium for each successive one (1) year period. The premium must be:
 - a. Paid to **us** prior to the anniversary date; and
 - b. Determined in accordance with Paragraph 2. above.

Our forms then in effect will apply. If **you** do not pay the continuation premium, this policy will expire on the first anniversary date that **we** have not received the premium.

4. Undeclared exposures or change in **your** business operation, acquisition, or use of locations may occur during the policy period that are not shown in the Declarations. If so, **we** may require an additional premium. That premium will be determined in accordance with **our** rates and rules then in effect.

J. Premium Audit

1. This policy is subject to audit if a premium designated as an advance premium is shown in the Declarations. **We** will compute the final premium due when **we** determine **your** actual exposures.
2. Premium shown in this policy as advance- premium is a deposit premium only. At the close of each audit period, **we** will compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium **we** will return the excess to the first Named Insured.
3. The first Named Insured must keep records of the information **we** need for premium computation, and send **us** copies at such times as **we** may request.

K. Transfer Of Rights of Recovery Against Others To Us

1. Applicable to Businessowners Property Coverage:

If any person or organization to or for whom **we** make payment under this policy has rights to recover damages from another, those rights are transferred to **us** to the extent of **our** payment. That person or organization must do everything necessary to secure **our** rights and must do nothing after loss to impair them. But **you** may waive **your** rights against another party in writing.

- a. Prior to a loss to **your** Covered Property.
- b. After a loss to **your** Covered Property only if, at time of loss, that party is one (1) of the following:
 - (1) Someone insured by this insurance;
 - (2) A business firm:
 - (a) Owned or controlled by **you**; or
 - (b) That owns or controls **you**; or
 - (3) **Your** tenant.

You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers. This will not restrict **your** insurance.

2. Applicable to Businessowners Liability Coverage:

If the insured has rights to recover all or part of any payment **we** have made under this policy, those rights are transferred to **us**. The insured must do nothing after loss to impair them. At **our** request, the insured will bring **suit** or transfer those rights to **us** and help **us** enforce them. This condition does not apply to Medical Expenses Coverage.

L. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without **our** written consent except in the case of death of an Individual Named Insured.

If **you** die, **your** rights and duties will be transferred to **your** legal representative but only while acting within the scope of duties as **your** legal representative. Until **your** legal representative is appointed, anyone having proper temporary custody of **your** property will have **your** rights and duties but only with respect to that property.