THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAUSES OF LOSS - EARTHQUAKE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS PROPERTY COVERAGE SPECIAL FORM

A. SCHEDULE

See attached schedule

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

B. COVERED CAUSES OF LOSS

Covered Causes of Loss and "specified cause of loss" are revised to include the following as Covered Causes of Loss only for Covered Property at the Premises Location/Building number(s) shown in the Schedule above:

1. Earthquake, meaning a shaking or trembling of the earth’s crust, caused by underground volcanic or tectonic forces or by breaking or shifting of rock beneath the surface of the ground from natural causes.

2. Volcanic Eruption, meaning the eruption, explosion or effusion of a volcano.

With respect to otherwise covered Business Income and Extra Expense, Earthquake and Volcanic Eruption will be considered a Covered Cause of Loss, but only for Premises Locations/Building number(s) for which a limit is shown in the Schedule above under Business Income and Extra Expense.

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. We will not pay for loss or damage caused by or resulting from earthquakes or volcanic eruptions which begin before the effective date of this insurance.

C. EXCLUSIONS, LIMITATIONS AND RELATED PROVISIONS

1. The Earth Movement Exclusion does not apply to the insurance provided under this endorsement. All other Exclusions and Limitations apply to the insurance provided under this endorsement. For example, loss caused directly or indirectly by a cause of loss excluded under the Water Exclusion, such as flood or tidal wave, is excluded even if the flood or tidal wave is attributable to an earthquake or Volcanic Eruption.

2. The following EXCLUSION is added as respects coverage provided by this endorsement:

   We will not pay for the cost of restoring or remediating land or for loss resulting from the time required to restore or remediate land.

3. The following LIMITATION is added as respects coverage provided by this endorsement:

   We will not pay for loss 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 Deductible applicable to this endorsement.

This limitation does not apply if less than 10% of the total outside wall area is faced with masonry veneer (excluding stucco) or, Masonry veneer will be considered covered but only for Premises Locations/Building number(s) for which "Included" is shown in Schedule A above under exterior masonry veneer. If "Not Covered" is indicated in the above Schedule there is no coverage for exterior masonry veneer for the applicable Premises Location/Building number(s).

D. COINSURANCE

The Coinsurance Commercial Property Condition does not apply to this endorsement.
E. PROPERTY DAMAGE DEDUCTIBLES

1. The Deductible, if any, in this Coverage Form is replaced by the following with respect to Earthquake and Volcanic Eruption and applies to the Premises Location/Building number(s) shown in the Schedule above:

   We will not pay for loss or damage until the amount of loss or damage exceeds the applicable deductible. We will then pay the amount of loss or damage in excess of the deductible, up to the applicable Limits of Insurance.

   This deductible is calculated separately for, and applies separately to:

   a. Each building, if two or more buildings sustain loss or damage;
   b. The building and separately to the total of personal property in that building, if both sustain loss or damage;
   c. The total personal property in or on each building, if personal property in or on two or more buildings sustain loss or damage;
   d. The total personal property in the open;
   e. Any other property insured under this Coverage Form.

2. The percentage (%) shown in the Schedule above applies as follows:

   a. Calculation of the Deductible - Specific Insurance

      In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to the percentage shown in the Schedule above, of the Limit(s) of Insurance applicable to the property that has sustained loss or damage.

      All examples are subject to any policy or minimum deductible that may be applicable.

   Example #1 - Specific Insurance

      The amounts of loss to the damaged property are $60,000 (building) and $40,000 (business personal property in building). The value of the damaged building at time of loss is $100,000. The value of the business personal property in that building is $80,000. The Limits of Insurance on the damaged property are $80,000 on the building and $64,000 on the business personal property. The Deductible is 2%.

      Building
      Step (1): $80,000 X 2% = $1,600
      Step (2): $60,000 - $1,600 = $58,400

      Business Personal Property
      Step (1): $64,000 X 2% = $1,280
      Step (2): $40,000 - $1,280 = $38,720

      The most we will pay is $97,120 ($58,400 + $38,720).
      The portion of the total loss that is not covered due to the application of the Deductible is $2,880 ($1,600 + $1,280).

   Example #2 - Specific Insurance

      The amounts of loss to the damaged property are $60,000 (building), $40,000 (business personal property in building), $40,000 (Appurtenant Buildings and Structures) and $40,000 (Electronic Data Processing). The Limits of Insurance on the damaged property are $100,000 on the building, $64,000 on the business personal property, $50,000 on the Appurtenant Buildings and Structures and $50,000 for Electronic Data Processing.

      Building
      Step (1): $100,000 X 2% = $2,000
      Step (2): $60,000 - $2,000 = $58,000

      Business Personal Property
      Step (1): $64,000 X 2% = $1,280
      Step (2): $40,000 - $1,280 = $38,720

      Appurtenant Buildings and Structures
      Step (1): $50,000 X 2% = $1,000
      Step (2): $40,000 - $1,000 = $39,000
**Electronic Data Processing**

Coverage under Electronic Data Processing is included in the Limit of Insurance applicable to business personal property. Since covered business personal property was damaged as part of the loss and Electronic Data Processing is subject to the business personal property Limit of Insurance, the deductible will be calculated using the business personal property Limit of Insurance.

Amount of loss: $40,000

The most we will pay is $175,720 ($58,000 + $38,720 + $39,000 + $40,000).

The portion of the total loss that is not covered due to the application of the Deductible is $4,280 ($2,000 + $1,280 + $1,000).

**Example #3 - Specific Insurance**

The amounts of loss to the damaged property are $60,000 (building), $40,000 (Appurtenant Buildings and Structures) and $40,000 (Electronic Data Processing). The Limits of Insurance on the damaged property are $100,000 on the building, $50,000 on the Appurtenant Buildings and Structures and $50,000 for Electronic Data Processing. The Deductible is 2%.

**Building**

Step (1): $100,000 X 2% = $2,000
Step (2): $60,000 - $2,000 = $58,000

**Appurtenant Buildings and Structures**

Step (1): $50,000 X 2% = $1,000
Step (2): $40,000 - $1,000 = $39,000

**Electronic Data Processing**

Step (1): $50,000 X 2% = $1,000
Step (2): $40,000 - $1,000 = $39,000

The portion of the total loss that is not covered due to the application of the Deductible is $4,000 ($2,000 + $1,000).

b. **Calculation of The Deductible - Blanket Insurance**

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal the percentage shown in the Schedule above, of the values(s) of the property that has sustained loss or damage. The value(s) to be used are those shown in the Statement of Values on file with us. If there is no Statement of Values on file with us or there is no value stated in the Statement of Values for such property, then the value(s) to be used will be the value of the property at the time of loss.

**Example #1 - Blanket Insurance**

The sum of the values of Building #1 ($500,000), Building #2 ($500,000) and Building #3 ($1,000,000) as shown in the most recent Statement of Values on file with us, is $2,000,000. Buildings #1 and #2 have sustained damage; the amounts of loss to these buildings are $40,000 (Building #1) and $20,000 (Building #2). The Deductible is 2%.

**Building #1**

Step (1): $500,000 X 2% = $10,000
Step (2): $40,000 - $10,000 = $30,000

**Building #2**

Step (1): $500,000 X 2% = $10,000
Step (2): $20,000 - $10,000 = $10,000

The most we will pay is $40,000 ($30,000 + $10,000

The portion of the total loss that is not covered due to the application of the Deductible is $20,000.
Example # 2 - Blanket Insurance

The sum of the values of Building #1 ($500,000), Building #2 ($500,000), Business Personal Property at Building #1 ($250,000) and Business Personal Property at Building #2 ($250,000), as shown in the most recent Statement of Values on file with us, is $1,500,000. Additionally, the applicable Limit of Insurance to Appurtenant Buildings and Structures is $50,000 and $50,000 for Electronic Data processing. Buildings #1 and Business Personal Property at Building #1 have sustained damage; the amounts of loss are $40,000 (building) and $100,000 (business personal property). Additionally, Appurtenant Buildings and Structures and Electronic Data Processing have sustained damage; the amount of loss to Appurtenant Buildings and Structures is $40,000 and the amount of loss to Electronic Data Processing is $40,000.

The Deductible is 2%.

**Building #1**

Step (1): $500,000 X 2% = $10,000  
Step (2): $40,000 - $10,000 = $30,000

**Business Personal Property**

Step (1): $250,000 X 2% = $5,000  
Step (2): $100,000 - $5,000 = $95,000

**Appurtenant Buildings and Structures**

Step (1): $50,000 X 2% = $1,000  
Step (2): $40,000 - $1,000 = $39,000

**Electronic Data Processing**

Coverage under Electronic Data Processing is included in the Limit of Insurance applicable to business personal property. Since covered business personal property was damaged as part of the loss and Electronic Data Processing is subject to the business personal property Limit of Insurance, the deductible will be calculated using the business personal property Limit of Insurance.

Amount of loss: $40,000.

The most we will pay is $204,000 ($30,000 + $95,000 + $39,000 + $40,000).

The portion of the total loss that is not covered due to the application of the Deductible is $16,000.

Example # 3 - Blanket Insurance

The sum of the values of Building #1 ($500,000), Building #2 ($500,000), Business Personal Property at Building #1 ($250,000) and Business Personal Property at Building #2 ($250,000), as shown in the most recent Statement of Values on file with us, is $1,500,000. Additionally, the applicable Limit of Insurance to Appurtenant Buildings and Structures is $50,000 and $50,000 for Electronic Data processing. Building #1 has sustained damage; the amounts of loss are $40,000 (building). Additionally, Appurtenant Buildings and Structures and Electronic Data Processing have sustained damage; the amount of loss to Appurtenant Buildings and Structures is $40,000 and the amount of loss to Electronic Data Processing is $40,000.

The Deductible is 2%.

**Building #1**

Step (1): $500,000 X 2% = $10,000  
Step (2): $40,000 - $10,000 = $30,000

**Appurtenant Buildings and Structures**

Step (1): $50,000 X 2% = $1,000  
Step (2): $40,000 - $1,000 = $39,000

**Electronic Data Processing**

Step (1): $50,000 X 2% = $1,000  
Step (2): $40,000 - $1,000 = $39,000

The most we will pay is $108,000 ($30,000 + $39,000 + $39,000).

The portion of the total loss that is not covered due to the application of the Deductible is $12,000.
c. When property is covered under the Additional Coverage for Newly Acquired or Constructed Property:
   In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a
   percentage of the value of the property at the time of loss. The applicable percentage for Newly Acquired or
   Constructed Property is the highest percentage shown in the Schedule above.

4. Minimum Deductible:
   The minimum Deductible that we will deduct with respect to Earthquake and Volcanic Eruption is the
   Businessowners Property Coverage Deductible shown in the Declarations.
   However, if a minimum Deductible amount is entered the schedule A. of this endorsement, the greater of the Property
   coverage deductible or the listed minimum deductible shall be applicable to any loss due to the perils of Earthquake
   or Volcanic Eruption.

5. If there is loss or damage caused by Earthquake or Volcanic Eruption, and loss or damage caused by a Cause of
   Loss (such as 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.

F. BUSINESS INCOME AND EXTRA EXPENSE PERIOD OF RESTORATION
   The "period of restoration" applies to each Earthquake or Volcanic Eruption. A single Earthquake or Volcanic Eruption
   is defined in Section B. of this endorsement.

G. LIMITS OF INSURANCE
   1. The following Limits of Insurance apply if a dollar amount is shown in the Schedule above for such limit.
      a. Occurrence Limit
         The applicable Occurrence Limit(s) of Insurance shown in the Schedule above applies to any one occurrence,
         even if the loss involves more than one coverage. Amounts payable under any Additional Coverage or Coverage
         Extensions do not increase the Occurrence Limit(s) of Insurance. This limit is part of, and does not increase, the
         Limits of Insurance that apply under this Coverage Form.
      b. Annual Aggregate Policy Limit
         The Annual Aggregate Policy Limit shown in the Schedule above applies, regardless of the number of
         occurrences or premises, for all loss occurring in any one policy year commencing with the inception or
         anniversary date of this endorsement, whichever is less.
   2. The most we will pay for loss caused by any Earthquake or Volcanic Eruption is the lesser of:
      a. The applicable Occurrence Limit of Insurance;
      b. The remaining portion of any applicable Annual Aggregate Location Limit of Insurance; or
      c. The remaining portion of the Annual Aggregate Policy Limit of Insurance.
   3. The Limit of Insurance that applies to coverage under this Endorsement also applies to Business Income and Extra
      Expense if a limit is shown in the Schedule above under Business Income and Extra Expense for the applicable
      Premises Location/Building number(s).
         However, the most we will pay for Business Interruption and Extra Expense is the amount shown in Schedule A.
         for Business Income and extra expense.
         Business income and Extra expense payments will be actual loss sustained or 1/12th monthly of the limit for
         Business Income and Extra Expense Shown in Schedule A, whichever is less.
   4. If a Cause of Loss (such as fire) is covered by means of an exception to the Earth Movement Exclusion, we will also
      pay for the loss or damage caused by that other Covered Cause of Loss. But the most we will pay, for the total of all
      loss or damage caused by Earthquake, Volcanic Eruption and other Covered Cause of Loss, is the Limit of Insurance
      applicable to such other Covered Cause of Loss.
         We will not pay the sum of the two limits (Earthquake, Volcanic Eruption and other Covered Cause of Loss).
Example-Ensuiting Loss

A building is damaged by Earthquake, and by Fire which is caused by the Earthquake. The value of the damaged building is $1,000,000. The Limit of Insurance applicable to the building is $800,000. The Limit of Insurance for Earthquake is $400,000. The Earthquake Deductible amount is $40,000 (5% X $800,000).

The damage due to Earthquake is $500,000.
The damage due to Fire is $500,000

Payment for Earthquake damage is $400,000 ($500,000 damage minus $40,000 Earthquake deductible = $460,000; Limit is $400,000) Payment for Fire damage is $400,000 ($500,000 damage capped at the difference between the Basic Limit and the Earthquake Limit)

Total Loss Payment is $800,000.

H. The limit applicable to Newly Acquired or Constructed Property Additional Coverage, and with respect to otherwise covered Business Income and Extra Expense-Newly Acquired Premises Coverage Extension, is replaced with the following provision:

The most we will pay for loss or damage under Newly Acquired or Constructed Property Additional Coverage or Business Income and Extra Expense-Newly Acquired Premises Coverage Extension under this endorsement is a total of $100,000 in any one occurrence and in any one policy year.
### CAUSES OF LOSS - EARTHQUAKE

**SCHEDULE A**

<table>
<thead>
<tr>
<th>Premises Location Number</th>
<th>Premises Building Number</th>
<th>Occurrence Limit</th>
<th>Business Income Limit</th>
<th>Deductible</th>
<th>Exterior Masonry</th>
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- **Minimum Deductible**: $5,000
- **Annual Aggregate Policy Limit**: $1,000,000