

INLAND MARINE PRIMARY PAC

COMMERCIAL INLAND MARINE
CM 71 97 03 15

Various provisions in this Coverage Form restrict coverage. Read the entire Coverage Form carefully to determine rights, duties and what is and is not covered.

Throughout this Coverage Form, the words “you” and “your” refer to the Named Insured shown in the Declarations. The words “we”, “us” and “our” refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F. — DEFINITIONS**.

If we or any of our affiliates issue other insurance to you and more than one limit of insurance applies to loss or damage sustained by you, then the broadest coverage will apply. If Covered Property is specifically scheduled or described under another Coverage Form, the valuation provisions of that more specific Coverage Form will apply.

A. COVERAGE

We will pay for direct physical loss or damage to Covered Property from any of the Covered Causes of Loss.

1. **COVERED PROPERTY**, as used in this Coverage Form, means:

- a. “Electronic information systems”;
- b. “Contractors equipment”;
- c. “Installation floater”;
- d. “Miscellaneous property”.

2. **PROPERTY NOT COVERED**

Covered Property does not include:

- a. Automobiles, motor trucks, motorcycles, trailers, semi-trailers or any other vehicles designed and principally used for highway transportation unless unlicensed and not operated on public roads;
- b. Aircraft or watercraft;
- c. Accounts, bills, currency, deeds, money, notes, securities and evidences of debt except as provided under the Accounts Receivable Coverage Extension;
- d. Property while waterborne, except while in transit by carriers for hire;
- e. “Contractors equipment” while underground;

- f. “Electronic information systems” rented, leased or sold to others;
- g. Program support documentation, flow-charts, record formats, or narrative descriptions, unless this property has been converted to “media” form;
- h. Buildings or structures at the “job site”;
- i. Land (including land on which the property is located) or water;
- j. Contraband or property in the course of illegal transportation or trade.

3. **COVERED CAUSES OF LOSS**

Covered Causes of Loss means direct physical loss or damage to Covered Property except those causes of loss listed in Section **B. EXCLUSIONS**.

4. **COVERAGE EXTENSIONS**

Unless otherwise stated in the Coverage Form or in a specific Coverage Extension, the following Coverage Extensions:

- i. Are in addition to the Section **C. LIMITS OF INSURANCE**;
- ii. Apply on a per occurrence basis; and
- iii. Are subject to the provisions of Section **D. DEDUCTIBLE**.

a. Theft Rewards

(This provision does not apply in New York)

We will reimburse you for payment of rewards given to any person or persons, other than you, your officers, your partners or your employees for information leading to a conviction in connection with a covered theft loss of Covered Property.

The most we will pay under this Coverage Extension for any one occurrence is \$1,000 regardless of the number of persons who provided information. No deductible applies to this Coverage Extension.

b. Vandalism Rewards

(This provision does not apply in New York)

We will reimburse you for payment of rewards given to any person or persons, other than you, your officers, your partners or your employees for information leading to a conviction in connection with a covered vandalism loss to Covered Property.

The most we will pay under this Coverage Extension for any one occurrence is \$1,000 regardless of the number of persons who provided information. No deductible applies to this Coverage Extension.

c. Trees, Shrubs, Lawns or Plants

We will pay for direct physical loss or damage to trees, shrubs, lawns or plants, including removal caused by a Covered Cause of Loss.

The most we will pay under this Coverage Extension is \$2,500 but not more than \$500 for any one tree, shrub or plant.

d. Pollutant Clean Up And Removal

We will pay your expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss to Covered Property that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the earlier of:

- (1) The date of direct physical loss or damage; or
- (2) The end of the policy period.

The most we will pay under this Coverage Extension is \$5,000 for any one policy period.

e. Rental Reimbursement For Contractors Equipment

We will pay for necessary expenses you incur for rental of "substitute contractors equipment".

The most we will pay under this Coverage Extension is \$2,500 of your rental expenses. You will be responsible for the expenses incurred during the first 72 hours for rental of "substitute contractors equipment". The coverage will end when one of the following first occurs:

- (1) The "contractors equipment" is replaced;
- (2) The "contractors equipment" is restored to service; or
- (3) The need for the "substitute contractors equipment" no longer exists.

You must take all reasonable steps to repair or replace the "contractors equipment" and resume your normal business operations or work in progress as quickly as possible.

f. Valuable Papers - Cost Of Research

We will pay your costs to research, replace or restore the lost information on lost or damaged valuable papers and records caused by or resulting from a Covered Cause of Loss, including those which exist on electronic or magnetic "media", for which duplicates do not exist.

When duplicates exist, we will determine the value of valuable papers and records, including those that exist on electronic or magnetic "media" (other than prepackaged software programs) at the cost of:

- (1) Blank materials for reproducing the records; and
- (2) Labor to transcribe or copy the records.

The most we will pay under this Coverage Extension in any one occurrence is \$2,500.

g. Accounts Receivable

We will pay:

- (1) All amounts due from your customers that you are unable to collect;
- (2) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- (3) Collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage; and
- (4) Other reasonable expenses that you incur to re-establish your records of accounts receivable,

that result from Covered Causes of Loss to your records of accounts receivable.

The most we will pay under this Coverage Extension in any one occurrence is \$2,500.

h. Lock Replacement Cost

We will pay for the cost to replace locks necessitated by the theft of keys from your "job site" or premises owned, leased or occupied by you.

The most we will pay under this Coverage Extension in any one occurrence is \$2,500.

This coverage is subject to a \$50 deductible.

i. Emergency Removal

We will pay for direct physical loss or damage to Covered Property that has been moved because of the imminent danger of loss to the property while it is:

- (1) At a safe place away from your premises; or
- (2) Being taken to and returned from that place.

This Coverage Extension:

- (1) Is included within the Section **C. LIMITS OF INSURANCE**; and
- (2) Applies for up to 365 days after the Covered Property is first moved, but not beyond the expiration date of the policy.

We will also pay up to \$2,500 of the expense to move or store Covered Property to prevent loss or damage from a Covered Cause of Loss. This is in addition to the Section **C. LIMITS OF INSURANCE**.

j. Debris Removal

We will pay your expense to remove debris of Covered Property when such debris is caused by or results from a Covered Cause of Loss.

This Coverage Extension does not include the cost to:

- (1) Extract "pollutants" from land or water; or
- (2) Remove, restore, or replace polluted land or water.

The most we will pay under this Coverage Extension is:

- (1) 25% of the amount we pay for the direct physical loss or damage. However, the most we will pay for the total of direct physical loss or damage to Covered Property plus debris removal expense is the Limit of Insurance; and
- (2) If the total of the actual debris removal expense plus the direct physical loss or damage to Covered Property exceeds the Limit of Insurance, we will pay up to an additional \$5,000 for debris removal expense.

k. Virus or Harmful Code

- (1) We will pay the cost to replace or restore “electronic data”:
 - (a) Which has been destroyed or corrupted by a virus, harmful code or similar instruction introduced into or enacted on a computer system (including “electronic data”) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation; or
 - (b) Which has been scanned, copied or observed by an unauthorized person’s access into a computer system (including “electronic data”) or a network to which it is connected.
- (2) To the extent that “electronic data” is not replaced or restored, the loss will be valued at the cost to replace the “media” on which the “electronic data” was stored, with blank “media” of substantially identical type.
- (3) This Coverage Extension does not apply to:
 - (a) Loss of exclusive use of any “data”;
 - (b) Reduction in the economic or market value of any “data”;
 - (c) Loss, expense or loss of Business Income caused by or resulting from manipulation of a computer system (including “electronic data”) by any employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system; or
 - (d) Theft of personal or proprietary information.
- (4) The most we will pay under this Coverage Extension is \$5,000 in any one occurrence and \$15,000 in any one policy year.

B. EXCLUSIONS

- 1. We will not pay for a loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. GOVERNMENTAL ACTION

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

b. NUCLEAR HAZARD

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the direct loss or damage caused by that fire if the fire would be covered under this Coverage Form.

c. WAR AND MILITARY ACTION

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

- 2. We will not pay for a loss or damage caused by or resulting from any of the following:

- a. Dishonest or criminal acts committed by:
 - (1) You, any of your partners, employees, directors, trustees, or authorized representatives;
 - (2) Anyone else with an interest in the property, or their employees or authorized representatives; or
 - (3) Anyone else to whom the property is entrusted for any purpose.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment.

This exclusion does not apply to Covered Property that is entrusted to others who are carriers for hire or to acts of destruction by your employees. But theft by employees is not covered.

- b. Unexplained disappearance.
- c. Shortage found upon taking inventory.
- d. Suspension, lapse or cancellation of any lease, license, contract, or order that applies to “electronic information systems”.
- e. Theft from any unattended vehicle unless at the time of theft its windows, doors and compartments were closed and locked and there are visible signs that the theft was the result of forced entry.

This exclusion does not apply to loss or damage at the “job site” or premises owned, leased or occupied by you.

- f. Except as provided under the Coverage Extension for Virus or Harmful Code:

(1) The introduction into your computer systems of a virus, harmful code or similar instruction enacted on a computer system (including “data” or “electronic information systems equipment”) or network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation; and

(2) The unauthorized intrusion into your computer system (including “data” or “electronic information systems equipment”) or network to which it is connected, designed to:

(a) Damage or destroy any part of the system or disrupt its normal operation; or

(b) Observe, scan or copy “data”.

- 3. We will not pay for a loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for the loss or damage caused by that Covered Cause of Loss.

- a. Hidden or latent defect, mechanical breakdown or failure (including rupture or bursting caused by centrifugal force), or any quality in the property that causes it to damage or destroy itself.

This exclusion does not apply to “electronic information systems”.

- b. Corrosion, rust or dampness.

This exclusion does not apply to “electronic information systems”.

- c. Electrical breakdown or failure.

This exclusion applies only to “contractors equipment” and “miscellaneous property”.

- d. Freezing or overheating.

This exclusion applies only to “contractors equipment”.

- e. Wear and tear.

- f. Gradual deterioration.

C. LIMITS OF INSURANCE

The most we will pay in any one occurrence for loss or damage to all Covered Property is \$25,000. You may allocate this blanket Limit of Insurance among the Covered Property items as you desire subject to the following:

- 1. The most we will pay in any one occurrence for loss or damage to any one item other than personal property of employees is \$5,000;
- 2. The most we will pay in any one occurrence for loss or damage to any one item of personal property of employees, including employee tools, is \$2,500.

D. DEDUCTIBLE

- 1. We will not pay for loss or damage to Covered Property in any one occurrence until the amount of adjusted loss or damage exceeds \$500. We will then pay the amount of the adjusted loss or damage in excess of the Deductible, up to the applicable Limits of Insurance.

2. If loss covered under this Coverage Form also involves loss covered under any other coverage form issued by us or any company affiliated with us, the most we will deduct from the claim payment is the single largest deductible involved. Furthermore, each deductible will only be applied against its applicable coverage and, any deductible amount(s) actually taken will be applied toward any remaining larger deductible(s).

3. Waiver of Theft Deductible for Contractors Equipment

a. If there is a theft loss to "contractors equipment" we will waive the deductible if:

(1) The "contractors equipment" is equipped with an operational GPS tracking device or a similar tracking device; or

(2) You "properly registered" the stolen "contractors equipment" with the National Equipment Register prior to the theft.

(3) In addition to Paragraph (1) or (2) above, you must:

(a) Report the theft of the "contractors equipment" to the local law enforcement agency having jurisdiction as soon as you become aware of the theft; and

(b) Report the loss to us in accordance with the terms and conditions of this policy.

E. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Commercial Inland Marine Conditions and the Common Policy Conditions:

1. VALUATION

a. Valuation in the Commercial Inland Marine Conditions is replaced by the following for "electronic information systems":

(1) "Electronic information systems equipment". The value of "electronic information systems equipment" will be its Replacement Cost (without deduction for depreciation).

(2) "Data". The value of "data" will be the actual cost to reproduce. If the "data" is not replaced or reproduced, we will pay the cost of the value of the "media" with no stored "data".

(3) "Media". The value of "media" will be based on the cost to repair or replace the "media" with material of the same kind or quality.

b. The following is added to **Valuation** in the Commercial Inland Marine Conditions:

(1) In the event of loss or damage to "contractors equipment" owned by you and purchased new within a five year period prior to the loss or damage, we will determine the value of the "contractors equipment" at Replacement Cost (without deduction for depreciation).

(a) We will not pay more on a Replacement Cost basis than the lesser of:

i. The limit of insurance for any one item other than personal property of employees;

ii. The cost to replace the "contractors equipment" with other "contractors equipment" of similar quality and capability and used for the same purpose; or

iii. The amount you actually spend that is necessary to repair or replace the "contractors equipment".

(b) We will pay on an Actual Cash Value basis until the lost or damaged "contractors equipment" is actually repaired or replaced.

(c) If the "contractors equipment" is not repaired or replaced within 180 days of the date of loss or damage, valuation will remain on an Actual Cash Value basis.

(2) In the event of loss or damage to "contractors equipment" leased or rented from others, if the written lease or rental agreement requires that you insure the "contractors equipment" on a Replacement Cost basis, we will determine the value of the "contractors equipment" at Replacement Cost subject to Paragraphs **b.(1)(a)** through **b.(1)(c)** above.

(3) In the event of a loss or damage to "installation floater" property, we will determine the value on a Replacement Cost basis.

2. COVERAGE TERRITORY

We cover property wherever located within:

- a. The United States of America;
- b. Puerto Rico; and
- c. Canada.

3. LOSS PAYABLE

For Covered Property in which both you and a Loss Payee have an insurable interest, we will:

- a. Adjust losses with you; and
- b. Pay any claim jointly to you and the Loss Payee, as interests may appear.

F. DEFINITIONS

1. "Contractors equipment" means your mobile machinery and equipment normally used in your contracting, servicing, installation, erection, fabrication, repair or moving operations or projects and similar mobile machinery and equipment of others in your care, custody or control.

2. "Data" means:

- a. Records, information and files stored on magnetic tapes, disk packs, drums, paper tapes and cards;
- b. Programming records used for electronic data processing or electronically controlled equipment; and
- c. "Media".

3. "Electronic data" means 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, as referred to herein, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, and which enable the computer or device to receive, process, store, retrieve or send "data".

4. "Electronic information systems" means:

- a. "Electronic information systems equipment"; and
- b. "Data".

5. "Electronic information systems equipment" means a network of machine components that accepts information, processes it according to a plan and produces a desired result. This includes programmable electronic devices that can store, retrieve and process "data" and associated peripheral devices that provide communication including input and output functions such as printing, or auxiliary functions such as "data" transmission. It includes air conditioning equipment, fire suppression equipment and electrical equipment used exclusively to service or protect the "electronic information systems equipment".

6. "Installation floater" means all materials, supplies, fixtures, machinery and equipment of any nature whatsoever intended for installation:

- a. While at the "job site";
- b. While at any temporary storage location; or
- c. While in transit.

7. "Job site" means the premises where the Covered Property will be used or permanently located at completion of the construction, erection, fabrication or installation.

8. "Media" means the material on which "data" is recorded, such as magnetic tapes, disk packs, drums, paper tapes, cards and programs. This includes the "data" stored on the "media".

9. "Miscellaneous property" means your property, property of others in your care, custody or control and employee tools.
10. "Pollutant" means 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.
11. "Properly registered" means providing National Equipment Register (NER) with the specific manufacturer, model number, serial number and year manufactured either through your on-line entry of this information in the NER web site or sending this information on an electronic spreadsheet directly to NER.
12. "Substitute contractors equipment" means substitute equipment similar to the "contractors equipment" used in your business operations that you must rent in order to continue as nearly as possible your normal business operation or work progress due to loss or damage caused by or resulting from a Covered Cause of Loss to your "contractors equipment". "Substitute contractors equipment" are only those items which are:
 - a. Necessary to continue your normal business operations; and
 - b. Needed because you do not have other "contractors equipment" available for similar use.