

**GENERAL PROPERTY INSURANCE
DEFINITIONS AND DESCRIPTIONS OF TERMS**

**NOTE: THE FOLLOWING DEFINITIONS AND DESCRIPTIONS
ARE ABBREVIATED AND ARE TO BE USED ONLY AS A
QUICK REFERENCE OF COVERAGE. PLEASE CONTACT
THE CALIFORNIA JPIA FOR COMPLETE
TERMS, CONDITIONS AND EXCLUSIONS.**

- A. **Real Property:** Permanently installed equipment or fixtures; machinery used for service of the building; yard fixtures; fire extinguishing equipment; outdoor furniture; floor covering; appliances used for cooking, dish-washing, refrigerating, ventilating or laundering.

- B. **Personal Property:** All personal property you own, including furniture, fixtures, and equipment, tenants improvements and betterments, labor, materials or services furnished or arranged by you, or personal property of others or within 1,000 ft. of the premises in the open (or within a vehicle).

- C. **Business Income Form:** Loss to net profit before taxes that would have been earned or incurred and continuing normal operating expenses (including payroll) incurred during the time required to repair, rebuild or replace damaged property.

- D. **Rental Income - Bond Obligation:** Loss of anticipated gross rental income from tenant occupancy when building becomes untenable due to covered property damage. **Bond Obligation:** extends the definition of rental income to include any amount in excess of normal rental income which is an obligation due under the terms and conditions of any revenue bond, certificate of participation or similar instrument.

- E. **Extra Expense:** Expenses, other than normal operating expenses, incurred to avoid or minimize the suspension of business operations.

- F. **Bond Revenue Payments:** Financial instrument to provide construction and facilities loans to public entities.

- G. **Business Continuation Expense:** Covers expenses incurred to continue normal operations which are over and above expenses you would have occurred had there been no loss.

- H. **Electronic Data Processing Equipment:** Data processing systems including equipment and component parts thereof, owned by you or leased, rented or under your control as reported to the company. Also included is the active data processing media as defined within the policy and Extra Expense incurred. Blank media as well as reproduction costs are covered by the policy form.
- I. **Mobile and Scheduled Equipment:**
1. Vehicles designed principally for off-road use, i.e., bulldozers, farm machinery, forklifts, etc.
 2. Vehicles that travel on crawled treads.
 3. Vehicles whether self-propelled or not which provide mobility to permanently mounted power cranes, shovels, loaders, diggers, drills or road construction or resurfacing equipment such as graders, scrapers or rollers.
 4. Non self-propelled vehicles that provide mobility to permanently attached equipment of the following types: air compressors, pumps and generators including spraying, welding, building cleaning, or cherry pickers and similar device used to raise and lower workers.
 5. NON MOBILE EQUIPMENT: Vehicles used for snow removal, road maintenance (other than construction or resurfacing), or street cleaning equipment. If coverage desired, they should be scheduled.
- J. **Course of Construction (Builder's Risk):** Coverage is provided for buildings while in the course of construction. Covers foundations and building materials but only while at the premises or within 100 feet thereof.
- K. **Building Ordinance:** Coverage is provided for values of undamaged portions of building(s) or structures and cost of demolishing and clearing the site of the undamaged portions when demolishing is necessary due to the enforcement of any law or ordinance regulating the construction, repairs, replacement, demolition, zoning or land use in force at the time of the loss or damage.
- L. **Newly Acquired Property:** Coverage is provided for personal property and equipment acquired after the inception of the policy.

Class A and Class B Buildings

Class A means newly acquired or constructed building(s) situated at a common premises including related structures which are protected by automatic sprinklers or other fire suppression systems which have been designed and installed in accordance with the National Fire Protection Association Codes or similar International Codes. Automatic

protection is to be provided in all areas, which have combustible construction or occupancy. No more than ten percent (10%) of the building area is to be of frame construction. The property must be situated in an area which qualifies at least an "ISO Public Protection Class 8" or its equivalent.

Class B means newly acquired or constructed buildings, which do not qualify as Class A.

- M. **Accounts Receivable:** All sums due you from customers, provided you are unable to collect these sums because of the direct result of loss of or damage to records of accounts receivable; including interest charges on any loan to offset impaired collections pending repayment of those sums made uncorrectable by loss.
- N. **Valuable Papers:** Direct physical loss or damage to valuable papers and records while inside or outside the premises. Valuable papers includes books, maps, films, drawings, deeds, mortgages and manuscripts, etc. Cost to research, replace or restore the loss information is covered.
- O. **Fine Arts:** Scheduled works of art while located at an insured premises or on exhibition within the territorial limits of the policy.
- P. **Agreed Amount Endorsement:** Waives the policy coinsurance requirements.
- Q. **Builder's Risk Renovations:** Covers the value of improvements, alterations or repairs to buildings or structures under renovation.
- R. **Consequential Loss:** Covered Loss as a result of a sequence of events that causes physical loss or damage not otherwise excluded to other Covered Property. We will cover the resulting physical loss or damage and the actual loss sustained under Business Income coverage during the time period as would be required with the exercise of due diligence and dispatch to repair or replace the damaged property.
- S. **Consequential Reduction in Value:** Coverage for the reduction in value of insured components or parts of products due to "Covered Causes of Loss."
- T. **Contingent Business Income:** Covers any income loss sustained due to damage or destruction of property at a Contributing or Recipient property.

- U. **Contingent Liability From Operation of Building Laws:** Covers the cost of demolition of the undamaged portion of the building when there is need for demolition occasioned by the enforcement of a state or municipal law or ordinance.
- V. **Cost of Inventory:** Covers cost of conducting an inventory, appraisal and preparation of loss information in connection with a covered loss. Company will not pay for a public adjuster.
- W. **Debris Removal:** Expenses incurred in the removal of all debris from the property covered in the policy which were incurred due to property damage to insured property.
- X. **Demolition Cost:** Cost of demolishing any undamaged portion of covered buildings, including the cost of clearing the site.
- Y. **Earthquake:** Direct Physical Loss or damage to covered property caused by "earth movement." All "earth movement" that occurs within any seventy-two (72) hour period will constitute a single "earth movement." "Earth movement" means: Any "earth movement" (other than sinkhole collapse), such as: Earthquake; Landslide; Mine subsidence; Earth sinking, rising, shifting; or Tsunami; Volcanic Action, explosion or effusion including Airborne volcanic blast or airborne shock waves, ash, dust or particulate matter or Lava flow.
- Z. **Elevator Collision:** Direct loss to elevators caused by accidental collision of any part of an elevator or of anything carried thereon with another part of the elevator or with another object.
- aa. **Emergency Vehicles:** Covers on an "All Risk" basis direct physical damage to vehicles you own or lease and the equipment on the vehicle, excluding earthquake and flood. Coverage includes collision with another object or vehicle and theft.
- bb. **Errors and Omissions Endorsement:** States that coverage will not be prejudiced by an unintentional delay or error or omission in making required reports or any unintentional error in the amount or description of interests insured if notice of any such error or omission is given to the Company as soon as it becomes known to you.
- cc. **Fire Department Service Charge:** Covers your liability for fire department service charges assumed by a contract prior to loss or required by local ordinance.

- dd. **Flood:** General or temporary condition of partial or complete inundation of normally dry land areas caused by the unusual and rapid accumulation or runoff of surface waters; waves; tides; tidal waves; overflow of any body of water; and their spray, all whether driven by wind or not; mudslide or mudflow.
- ee. **Functional Replacement Cost:** Covers the cost to replace property with similar property intended to perform the same function when replacement with identical property is impossible or unnecessary.
- ff. **Increased Cost of Construction:** Covers the increased cost of repair, rebuilding or construction resulting from the enforcement of the minimum requirements of any state or municipal law or ordinance regulating construction or repair.
- gg. **Newly Acquired Locations:** Real Property not owned prior to the inception date of the policy but rather acquired during the term of the policy at any location (must be reported immediately).
- hh. **Occurrence Limit of Liability:** States the Company's limit of liability will not exceed the limit stated within the policy in any one disaster or event per city.
- ii. **Personal Property of Others and Personal Effects:** Personal property of others while in your care, custody and control for which you are liable (extension does not apply to theft).
- jj. **Pollutant Clean Up and Removal:** Covers your expense to extract "pollutants" from land or water or to remove property, which contains "pollutants" if caused by a loss, covered under the policy. Expenses must be reported within 180 days of damage or before end of policy period.
- kk. **Preservation of Property:** Coverage for property, while it is being moved or is temporarily stored at another location in order to preserve it from loss or damage by a covered cause of loss.
- ll. **Property Covered:** Includes property leased by the named insured where the insured is required to maintain property coverage, provided property is scheduled on the policy.
- mm. **Property in Transit:** Coverage for your property or property in your care, custody and control while being transported by your vehicles, by truckmen or by other commercial carriers.
- nn. **Property Off Premises:** Property temporarily at a location you do not own, lease or operate is covered by this contract.
- oo. **Radio and Telephone Equipment:** Radio and telephone equipment while in vehicles.

- pp. **Rental Income Value:** (1) The total anticipated Gross Rental Income from tenant occupancy as furnished and equipped by the Insured, and (2) The amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be obligations of the Insured, and (3) The fair rental value of any portion of said property which is occupied by the Insured, and (4) Any amount in excess of 1, 2 and 3 (above) which is an obligation due under the terms and conditions of any revenue bond, Certificate of Participation or similar instrument.

- qq. **Replacement Cost:** Means the amount actually and necessarily expended in repairing or replacing the property with identical property on the same premises and intended for the same occupancy or use. Replacement cost does not apply to carpeting, cloth awnings, air conditioners, domestic appliances and outdoor equipment.

- rr. **Stated Amount Per Vehicle:** Agrees that the value stated on the policy per vehicle is the actual value of the vehicle. Losses are adjusted using this reported value.

- ss. **Tenants Improvements and Betterments:** Fixtures, alterations, installations or additions comprising a part of the building, which are permanent and not legally removable, which are owned by you and in which you have an insurable interest.

- tt. **Vacancy Permit:** Simply states that the vacancy loss condition exclusion within the policy does not apply.

- uu. **Valuation:** In case of loss or damage to covered property, the basis of adjustment of any claim:
 - 1. Is on a Replacement Cost basis. Replacement Cost shall be the cost to repair, rebuild or replace the damaged property, except for property which is obsolete and useless to you, without deduction for depreciation with materials of like kind, quality and capacity at the same or another site, subject to the smaller of
 - (a) The cost to repair
 - (b) The cost to rebuild or replace on the same site with new materials of like kind, quality and capacity

- (c) The cost actually and necessarily expended in repairing, rebuilding or replacing on the same or another site, but not exceeding the operating capacity that existed at the time of the loss
2. The following property shall be valued as specified below:
- (a) On raw materials, supplies and other merchandise not manufactured by you, the replacement cost;
 - (b) On stock in process, the value of raw materials and labor expended plus the property proportion of overhead charges;
 - (c) On "finished stock" manufactured by you, the regular cash selling price at the premises where the loss occurs, less all discounts and charges to which the merchandise would have been subject had not loss occurred;
 - (d) In case of loss or damage to any part of a pair or set we may (1) repair or replace any part to restore the part or set to its value before the loss or damage; or (2) pay the difference between the value of the pair or set before and after the loss or damage.
- vv. **Vehicles – On Premises:** Coverage is provided for automobiles scheduled on the policy while they are located on your premises. Collision coverage is excluded.
- ww. **Vehicles Physical Damage:** Covers on an "All Risk" basis direct physical damage to your owned or leased auto including collision with another object or vehicle, excluding earthquake and flood Automobile theft is covered.