

Allianz Global Corporate & Specialty®

This endorsement changes the policy

PLEASE READ THIS CAREFULLY

AMENDATORY ENDORSEMENT-WASHINGTON

1. Under B. Exclusions, the definition of volcanic action, if applicable, is deleted and replaced by the following:

Volcanic action means airborne volcanic blast or airborne shock waves; ash, dust, or particulate matter; or lava flow. It includes the cost to remove the initial deposit of ash, dust, or particulate matter that causes direct physical loss to the covered property. It does not include subsequent deposits arising from the movement of volcanic dust or ash by wind or other means.

2. Under B. Exclusions, the first paragraph of Item 1. is deleted and replaced by the following:

We do not pay for "Loss" caused by any of the following excluded events." Loss" will be considered to have been caused by an excluded event if that event:

- a. directly and solely results in "Loss"; or
- b. initiates a sequence of events that results in loss or damage, regardless of the nature of any intermediate or final event in that sequence.

3. Under Conditions and in all coverage forms under Valuation, Actual Cash Value, if applicable, is amended to include the following:

Actual cash value may include a deduction for depreciation or an adjustment for appreciation, however caused.

4. Under Conditions, Concealment, Misrepresentation, or Fraud is deleted and replaced by the following:

Concealment, Misrepresentation or Fraud

This coverage is void if before or after a loss:

- a. any insured has intentionally concealed or misrepresented:
 - 1) a material fact or circumstance that relates to this insurance or the subject thereof; or
 - 2) the insured's interest herein.
- b. there has been fraud or false swearing by any insured with regard to a matter that relates to this insurance or the subject thereof.

5. Under Conditions, under Loss Conditions, Transfer of Rights of Recovery Against Others to Us is amended to include the following:

If we pay a loss to or for an insured and the insured recovers from another party for the same loss, the insured will reimburse us as provided under Recovered Property. If an insured assigns to us the rights of recovery under this provision and we recover from another party, we will make the insured whole before recovering for our loss.

6. Minimum Premium, if applicable, is amended to include the following:

The minimum premium is not subject to a refund unless we cancel the policy.

7. Under Conditions, under Loss Conditions, Appraisal is deleted and replaced by the following:

Appraisal

If you and we fail to agree on the amount of loss, either one can ask that the amount of loss be established by appraisal. To start the appraisal process either you or we must make the request in writing to the other. Each must then choose a competent, independent appraiser and give the name and address of that appraiser to the other. This must be done within 30 days after the written request for appraisal is received.

The two appraisers must then choose a competent and impartial umpire. If they do not agree on an umpire within 15 days, either you or we may have an umpire selected by a court located in the same state as the covered property. The appraisers will then set the amount of the loss. A copy of their report will be given to you and to us. The amount they agree upon will be the amount of loss.

If the appraisers fail to agree within a reasonable period of time, they will give the umpire a statement of their differences. A written agreement signed by any two of the three will set the amount of the loss. You will pay your appraiser and we will pay ours. The umpire's fee and other appraisal expenses will be shared equally by you and us.

8. Under Conditions, under Loss Conditions, Loss Payment, subparagraph 7. is deleted and replaced as follows:

If we recover any part of a loss from another party, we will make the insured whole before recovering our loss.

9. With respect to the Radio and Television Equipment Coverage Form, under Exclusion 1. b., Earth Movement, subparagraph (5) is deleted.

- 10. With respect to the: Contractors' Equipment Coverage Form;
and
- Installation Floater Coverage Form;

the following replaces the Replacement Cost Provision in the Coverage Form:

Replacement Cost

If a loss occurs and the valuation basis shown in the Declarations applicable to the covered property is Replacement Cost:

- a. We will determine the value of the lost or damaged property at Replacement Cost as of the time of loss or damage, except as provided below.
 - b. You may make a claim for loss or damage covered by this insurance on an Actual Cash Value basis instead of a Replacement Cost basis. In the event you elect to have loss or damage settled on an Actual Cash Value basis, you may still make a claim for the additional coverage which Replacement Cost provides if you notify us of your intent to do so within 180 days after the loss or damage.
 - c. We will not pay on a Replacement Cost basis for any loss or damage until the lost or damaged property is actually repaired or replaced.
 - d. We will not pay more for the loss or damage on a Replacement Cost basis than the least of the following:
 - (1) The limit of insurance applicable to the lost or damaged property;
 - (2) The cost to replace, on the same premises, the lost or damaged property with other new property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
 - (3) The amount you actually spend that is necessary to repair or replace the lost or damaged property.
11. With respect to the Difference In Conditions Coverage Form, the following replaces Option F., Replace/Amendment Cost in the Coverage Form:

F. Optional Coverage

Replacement Cost

1. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation General Condition of the Commercial Inland Marine Conditions.
2. We will not pay on a replacement cost basis for any loss or damage:
 - a. Until the lost or damaged property is actually repaired or replaced and;
 - b. Unless the repairs or replacement is made as soon as reasonably possible after the loss or damage.
3. We will not pay more for loss or damage on a replacement cost basis than the least of **a**; **b**. or **c**; subject to paragraph 4. below
 - a. The Limit of Insurance applicable to the lost or damaged property;
 - b. The cost to replace, on the same premises, the lost or damaged property with other new property:
 - (1) Of comparable material and quality; and
 - (2) Used for the same purpose; or
 - c. The amount you actually spend that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in paragraph 3.b. is limited to the cost that would have been incurred if the building had been rebuilt at the original premises.
4. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

12. With respect to the:

- Construction Block Coverage Form
- Fine Arts Dealers Coverage Form
- Installation Floater Coverage Form
- Leased Property Coverage Form
- Miscellaneous Bailees Customers Coverage Form
- Radio and Television Equipment Coverage Form
- Rigging Floater Coverage Form
- Scheduled Property Coverage Form

the following replaces the Water Exclusion in the Coverage Form:

Water

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge); or
- (2) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1).

This exclusion applies if any of the above, in Paragraphs (1) and (2):

- (a) Occurs independently;
- (b) Is caused by an act of nature;
- (c) Is caused by an act or omission of humans or animals; or
- (d) Is attributable to the failure, in whole or in part, of a dam, levee, seawall or other boundary or containment system.

But if any of the above, in Paragraphs **(1)** and **(2)**, results in fire, explosion or theft, we will pay for the loss or damage caused by that fire, explosion or theft if these causes of loss would be covered under this Coverage Form.

13 With respect to the:

- Difference In Conditions Coverage Form
- Warehouse Legal Liability Coverage Form,

the following replaces the Water Exclusion in the Coverage Form:

Water

- (1)** Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge); or
- (2)** Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1).

This exclusion applies if any of the above, in Paragraphs **(1)** and **(2)**:

- (a)** Occurs independently;
- (b)** Is caused by an act of nature;
- (c)** Is caused by an act or omission of humans or animals; or
- (d)** Is attributable to the failure, in whole or in part, of a dam, levee, seawall or other boundary or containment system.

14. With respect to the:

- Electronic Data Processing Coverage Form
- Electronic Equipment Insurance Coverage Form,

the following replaces the Water Exclusion in the Coverage Form:

Water

- (1)** Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge); or
- (2)** Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1).

This exclusion applies if any of the above, in Paragraphs **(1)** and **(2)**:

- (a)** Occurs independently;
- (b)** Is caused by an act of nature;
- (c)** Is caused by an act or omission of humans or animals; or
- (d)** Is attributable to the failure, in whole or in part, of a dam, levee, seawall or other boundary or containment system.

But if any of the above, in Paragraphs **(1)** and **(2)**, results in fire, explosion or theft, we will pay for the direct loss or damage caused by that fire, explosion or theft if these causes of loss would be covered under this Coverage Form.

This exclusion does not apply to covered property while away you're your premises.

15. With respect to the Mobile Agricultural Equipment Coverage Form, the following replaces the Water Exclusion in the Coverage Form:

Water

- 1)** Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of (any body of water, or spray from any of these, all whether or not driven by wind (including storm surge).

- (2) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1).
- (3) Mudslide or mudflow.
- (4) Water that backs up or overflows or is otherwise discharged from a sewer or drain.
- (5) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces.
 - (b) Basements, whether paved or not.
 - (c) Doors, windows or other openings.

This exclusion applies if any of the above, in Paragraphs (1), (2), (3) (4) and (5):

- (a) Occurs independently;
- (b) Is caused by an act of nature;
- (c) Is caused by an act or omission of humans or animals; or
- (d) Is attributable to the failure, in whole or in part, of a dam, levee, seawall or other boundary or containment system.

But if any of the above, in Paragraphs (1), (2), (3) (4) and (5), results in fire, explosion or theft, we will pay for the direct loss or damage caused by that fire, explosion or theft if these causes of loss would be covered under this Coverage Form.

16. With respect to the:

- Builders' Risk Coverage Form,

the following replaces the Water Exclusion in the Coverage Form:

Water

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge); or
- (2) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1).
- (3) Water which backs up through a sewer or drain;
- (4) Water under the surface of the ground that presses on or flows or seeps through foundations, walls, floors or paved surfaces, basements or through doors, windows or other openings.

This exclusion applies if any of the above, in Paragraphs (1), (2), (3) and (4) :

- (a) Occurs independently;
- (b) Is caused by an act of nature;
- (c) Is caused by an act or omission of humans or animals; or
- (d) Is attributable to the failure, in whole or in part, of a dam, levee, seawall or other boundary or containment system.

But if any of the above, in Paragraphs (1), (2), (3) and (4) results in fire, explosion or theft, we will pay for the direct loss or damage caused by that fire, explosion or theft if these causes of loss would be covered under this coverage form. We will also pay for losses to Covered Property from the preceding perils while being transported.

17. In the Builder's Risk Coverage Form, Section E., Conditions, 11. How Covered Property Will Be Valued in the Event of "Loss" is amended to add the following language:

Replacement Cost means that we will repair or replace with new material or property of like kind and quality.

18. In the Builder's Risk Coverage Form, Section E. Conditions, 27. Salvage Recovery is deleted and replaced with the following:

In the event of any salvage recovery resulting from a Covered Cause of Loss, such salvage recovery shall be paid first to you until you are fully compensated for your "Loss".