

SPECIMEN MODEL WORDING. THIS FORM PROVIDES NO COVERAGE
UNLESS ADOPTED AND ISSUED BY A LICENSED INSURER.

CAUSES OF LOSS SPECIAL FORM MENLO REFERENCE FORM

Menlo Form MENLO-CP-03 is an original document authored by Menlo Insurance Services. It corresponds to coverage commonly written on form CP 10 30, which is referenced for identification only.

Various provisions in this form restrict coverage. Read the entire form carefully to determine rights, duties, and what is and is not covered. Throughout this form, the words “you” and “your” refer to the named insured shown in the declarations of the issuing policy, and the words “we”, “us”, and “our” refer to the insurer that adopts and issues this form. Other words and phrases that appear in quotation marks have the meanings given in the Definitions section at the end of this form.

A. Insuring Agreement

- 1. The grant.** We will pay when property insured under the coverage form to which this form attaches sustains direct physical loss or damage at the premises that coverage form describes, unless Sections B. through E. exclude the cause of the loss or Sections F. and G. restrict the recovery. Throughout this form, a covered cause of loss means any cause of direct physical loss that Sections B. through G. neither exclude nor restrict.
- 2. Open structure.** This form contains no list of insured perils. A cause of loss is insured because nothing in this form removes it. To deny a claim for direct physical loss, we must identify a provision of this form that removes or restricts the loss and establish that the provision applies. You need only show that direct physical loss to insured property occurred; you never carry the burden of proving which peril produced it. A perils form written on a named perils basis allocates that burden the opposite way, and the difference in burden is part of what this form’s broader grant provides.
- 3. How this form attaches.** This form governs only the locations and coverages for which the declarations designate it. If the declarations designate a different perils form for a location or coverage, that other form, not this one, determines the insured causes of loss there.

- 4. Order of application.** Apply this form to a claim in the following order: first the grant in Paragraph A.1.; then the exclusions in Sections B. through E.; then the property restrictions in Section F. and the theft caps in Section G.; and finally the supplemental grants and extensions in Sections H. through J., which restore defined portions of what the exclusions remove.

B. Absolute Exclusions

We will not pay any part of a loss that a cause or event described in this Section B. produces or helps to produce. This is true whether the excluded cause acts alone or together with any other cause or event, whether it operates first, last, or at any intermediate point in the chain of events leading to the loss, and even when a covered cause of loss also contributes to the same loss at the same time or in any order. Every exclusion in this Section B. applies whether the excluded cause is natural in origin or arises from human activity, and whether or not the event produces widespread damage or affects a substantial area. The classic application is storm surge: wind, a covered cause, pushes seawater ashore, and the water exclusion in Paragraph B.7. still removes the entire loss, because an excluded cause participated in producing it. This lead-in displaces, by contract, any rule of law under which a loss is paid whenever its dominant or leading cause is covered.

- 1. Building laws and ordinances.** This insurance does not apply to loss arising out of the

enforcement of, or out of compliance with, any ordinance or law that:

- a. governs how any property may be constructed, used, or repaired; or
- b. requires that any property be torn down, including the cost of removing the resulting debris.

This exclusion operates whether the ordinance or law is enforced against property that has never been damaged, or operates through the increased costs you incur to comply with it while constructing, repairing, renovating, remodeling, or demolishing property, or removing debris, after physical loss to that property. The exposures this exclusion removes, including the lost worth of undamaged parts of a building that a law compels you to demolish, the expense of that demolition and its debris removal, and the added cost of rebuilding to current codes, are insurable only under a separate grant added by endorsement.

- 2. **Earth movement.** This insurance does not apply to loss that any of the following produces:
 - a. earthquake, including tremors and aftershocks, and any sinking, rising, or shifting of earth related to the earthquake;
 - b. landslide, including any sinking, rising, or shifting of earth related to the landslide;
 - c. subsidence of any mine created by human activity, whether mining there continues or has stopped;
 - d. any other sinking, rising, or shifting of earth, apart from "sinkhole collapse", including soil conditions that produce settling, cracking, or another disturbance of foundations or of other parts of realty; soil conditions include erosion, freezing, thawing, contraction, expansion, improper compaction, and water acting below the surface of the ground; or
 - e. volcanic eruption, explosion, or effusion.

If earth movement described in Paragraphs B.2.a. through B.2.d. leads to fire or to explosion, we will pay for the damage that the fire or the explosion does. If volcanic eruption, explosion, or effusion leads to fire, to breakage of building glass, or to "volcanic action", we will pay for the damage that the fire, the breakage,

or the "volcanic action" does. All volcanic eruptions occurring within any period of 168 hours constitute a single occurrence. "Sinkhole collapse" is not excluded; it is a "specified cause of loss" and remains covered. Earthquake and volcanic eruption protection can be added by endorsement, at the full limit or at a sublimit, with a percentage or a flat deductible; a narrower endorsement option restores only sprinkler leakage resulting from earthquake, which satisfies the sprinkler-leakage requirement common in leases without a purchase of full earthquake coverage.

- 3. **Seizure and ordered destruction.** This insurance does not apply when governmental authority orders property seized, or orders property destroyed. But when authorities order destruction while a fire burns, to keep the fire from spreading, we will pay for that ordered destruction if this insurance would have covered the fire itself.
- 4. **Nuclear hazard.** This insurance does not apply to loss arising out of nuclear reaction, nuclear radiation, or radioactive contamination, however any of them comes about. But we will pay for the damage done by any fire that follows a nuclear reaction, nuclear radiation, or radioactive contamination. A radioactive contamination endorsement can restore limited protection for operations, such as hospitals, laboratories, and imaging centers, that handle radioactive substances away from any nuclear reactor.
- 5. **Utility service interruption.** This insurance does not apply to loss resulting from an interruption or failure of power, water, communication, or any other utility service furnished to the described premises, no matter what caused the failure, if the failure:
 - a. begins away from the described premises; or
 - b. begins at the described premises but involves equipment that brings the service to those premises from an outside source.

A utility failure includes a shortage of capacity and a reduction in supply. Communication services include Internet access and access to electronic, cellular, and satellite networks. A

power surge is likewise excluded when the surge would not have happened absent an event that caused a power failure. But we will pay for the damage that a covered cause of loss does when the utility failure or the power surge brings that covered cause of loss about at the described premises. Direct damage buy-backs are sold by endorsement, scheduled by the type of utility, water, communication, or power, and by whether overhead transmission lines are included; refrigerated and other perishable stock should carry spoilage coverage, which responds under its own limit to breakdown, contamination by refrigerant, and power outage.

- 6. **War and military action.** This insurance does not apply to loss that any of the following produces:
 - a. war, whether or not declared, and civil war;
 - b. action of a warlike nature taken by a military force, including action to hinder or to defend against an attack, actual or expected, by any government, sovereign, or other authority that employs military personnel or other agents; or
 - c. insurrection, rebellion, revolution, or usurped power, and any action of governmental authority hindering or defending against any of them.

This exclusion carries no give-back.

- 7. **Water.** This insurance does not apply to loss that any of the following produces:
 - a. flood; surface water; waves, including tidal waves and tsunamis; tides and tidal water; overflow from any body of water; and spray thrown off by any of them, all whether or not driven by wind, storm surge included;
 - b. mudslide or mudflow;
 - c. water that backs up from, or that overflows or is otherwise released from, a drain, sewer, sump pump, sump, or related equipment;
 - d. underground water that presses on, or that flows or seeps through, foundations, floors, walls, or paved surfaces; basements, whether paved or not; or doors, windows, or other openings; or

- e. waterborne material moved or carried by any water described in Paragraph B.7.a., B.7.c., or B.7.d., and material moved or carried by mudslide or mudflow.

This exclusion operates however the water or material escapes or is set in motion, including when a levee, dam, seawall, or other containment or boundary structure fails, wholly or partly, for any reason, to hold the water back. But when any event described in Paragraphs B.7.a. through B.7.e. leads to fire, to explosion, or to sprinkler leakage, we will pay for the damage that the fire, the explosion, or the sprinkler leakage does, so long as this form treats sprinkler leakage as a covered cause of loss. That give-back has carried real weight in coastal disasters, where storm-driven water reaching electrical systems has ignited fires that consumed what the water spared. The excluded exposures themselves are insurable elsewhere: through the federal flood program, through private flood policies and flood endorsements, through a separate buy-back for discharge from sewers, drains, and sumps, and through a difference in conditions policy bridging whatever gaps remain.

- 8. **Fungus, rot, and bacteria.** This insurance does not apply to any presence, growth, spread, proliferation, or other activity of "fungus", of wet or dry rot, or of bacteria. But we will pay for the damage that a "specified cause of loss" does when wet or dry rot, bacteria, or "fungus" brings that peril about. This exclusion does not operate:
 - a. when fire or lightning produces the growth; or
 - b. to the extent Section I. grants coverage for growth resulting from a cause other than fire or lightning.

C. Standard Exclusions

This insurance does not apply to loss or damage that a cause described in this Section C. produces. Unlike Section B., this Section C. carries no concurrent-causation language: each exclusion in it removes only the loss that the listed cause itself produces, and we will pay every give-back this Section C. states. When a covered cause of loss operating independently produces a cause this

Section C. excludes, the damage the covered cause does remains covered. An illustration: a fire starts outside a steam boiler, melts through the gas line feeding it, and the boiler explodes. We pay that loss, because fire, a covered cause, set the chain in motion; had Paragraph C.5. sat in Section B. instead, its lead-in would have removed the whole loss.

1. Artificially generated energy. This insurance does not apply to damage, disturbance, disruption, or interference that electrical, magnetic, or electromagnetic energy of artificial origin inflicts on:

- a. any electronic or electrical wire, appliance, device, network, or system; or
- b. any appliance, device, network, or system that relies on satellite or cellular technology.

Energy of artificial origin includes electrical current and arcing; a charge that a magnetic or an electromagnetic field produces or conducts; electromagnetic pulses; and microwaves and other electromagnetic waves. Lightning is not artificially generated and is not excluded. But we will pay for the damage done by any fire that this energy causes. Equipment breakdown coverage, written as an endorsement to this form or as a separate coverage part, is the standard purchase for the electrical and mechanical exposures that this Paragraph C.1., Paragraph C.4.f., and Paragraph C.5. leave behind.

2. Delay, loss of use, and loss of market. This insurance does not apply to loss of use, to delay, or to loss of market. This insurance pays only for direct physical loss; the income consequences of a loss belong to time element coverage.

3. Agricultural and industrial smoke. This insurance does not apply to vapor, smoke, or gas released by industrial operations or by agricultural smudging.

4. Deterioration, defect, and breakdown. This insurance does not apply to loss that any of the following produces:

- a. wear and tear;
- b. decay; deterioration; rust and other corrosion; latent or hidden defect; and any

inherent quality that leads property to damage or destroy itself;

- c. smog;
- d. shrinking, settling, cracking, or expansion;
- e. infestation or nesting by birds, insects, rodents, or other animals, and the waste products or secretions they discharge or release;
- f. mechanical breakdown, including rupture or bursting that centrifugal force produces; but when mechanical breakdown leads to an elevator collision, we will pay for the damage that the collision does; or
- g. the following, as to personal property only:
 - (1) dryness or dampness of the atmosphere;
 - (2) temperature changes or temperature extremes; or
 - (3) marring or scratching.

But when a cause excluded in Paragraphs C.4.a. through C.4.g. brings about a "specified cause of loss" or breaks building glass, we will pay for the damage that the "specified cause of loss" or the glass breakage does. Under this give-back, a pipe that corrosion has weakened is itself a maintenance item, but the "water damage" that follows when the weakened pipe cracks apart is a "specified cause of loss", and we will pay for it.

5. Steam apparatus explosion. This insurance does not apply to explosion of steam turbines, steam engines, steam boilers, or steam pipes that you own or lease, or that operate under your control. But when that steam equipment explodes and fire or combustion explosion follows, we will pay for the damage that the fire or the combustion explosion does. We will also pay when gases or fuel explode inside the furnace of a fired vessel, or inside the flues and passages that carry off its gases of combustion. This exclusion addresses damage the explosion does to other property; Paragraph F.1.a. separately restricts coverage for damage to the steam equipment itself.

6. Prolonged seepage. This insurance does not apply to seepage or leakage of water, whether repeated or continuous, or to the condensation

or presence of moisture, humidity, or vapor, when the condition persists for 14 days or longer. A condition two weeks old is a maintenance failure rather than an accident, and claims under this exclusion turn on evidence of when the condition began.

- 7. **Freezing.** This insurance does not apply to water, other liquid, powder, or molten material escaping from heating, plumbing, air conditioning, or comparable equipment, other than a fire protective system, when freezing causes the escape, unless:
 - a. you make a reasonable, good-faith effort to keep heat in the building or structure; or
 - b. you drain the equipment and shut off its supply while the heat is not maintained.

Freezing damage to a fire protective system, and loss from its discharge, remain covered as stated in Paragraph F.3.

- 8. **Dishonest and criminal acts.** This insurance does not apply to a dishonest or criminal act, theft included, committed by you or by any of your officers, partners, members, managers, directors, trustees, or authorized representatives, or by your employees, temporary employees and leased workers among them, whether the actor works alone or colludes with another of them or with any outside party. Nor does this insurance apply to theft committed by anyone to whom you entrust property for any purpose, whether that person works alone or colludes with any other party. This exclusion:
 - a. applies during and outside your normal hours of operation; and
 - b. does not reach acts of destruction committed by those employees or by your authorized representatives; but theft committed by them is never covered.

An employee who destroys your equipment commits covered vandalism; an employee who steals it leaves you without coverage under this form. Crime insurance is the intended home for the employee theft exposure.

- 9. **Voluntary parting.** This insurance does not apply when you, or anyone holding property on your entrustment, voluntarily part with the

property because a fraudulent scheme, trick, device, or false pretense induced the parting. Goods released against a bad check, or shipped to an impostor presenting convincing instructions, fall outside this insurance; social engineering and fraud coverages address the exposure this exclusion leaves open.

- 10. **Precipitation on property in the open.** This insurance does not apply to damage that rain, snow, ice, or sleet does to personal property in the open.
- 11. **Collapse.** This insurance does not apply to collapse, meaning any of the following states of the property or of any portion of it:
 - a. an abrupt falling down or caving in;
 - b. lost structural integrity, including separation of one part of the property from another, and property in danger of falling down or of caving in; or
 - c. any bulging, cracking, leaning, sagging, bending, settling, shrinkage, or expansion related to a condition described in Paragraph C.11.a. or C.11.b.

But we will pay for the damage that a covered cause of loss does when collapse brings that covered cause of loss about at the described premises. This exclusion does not operate:

- (1) to the extent Section H. grants coverage for “abrupt collapse”; or
- (2) when any of the following causes the collapse: a “specified cause of loss”; building glass breakage; the weight of rain pooling on a roof; or the weight of people or of personal property.

- 12. **Pollutant release.** This insurance does not apply to the escape, release, discharge, dispersal, seepage, or migration of “pollutants”, unless a “specified cause of loss” itself sets the escape or release in motion. But we will pay for the damage that a “specified cause of loss” does when a release of “pollutants” brings that peril about. This exclusion leaves untouched any damage that chemicals applied to glass do to that glass.
- 13. **Neglect.** This insurance does not apply to loss produced by an insured’s neglect to take every reasonable measure to save and protect

property from further damage when a loss occurs and afterward. This exclusion removes only the additional loss the neglect produces.

D. Conditional Exclusions

This insurance does not apply to loss that a matter described in Paragraphs D.1. through D.3. produces, but only to the extent that the listed matter produces the loss. But we will pay for the damage that a covered cause of loss does when a matter listed in Paragraphs D.1. through D.3. brings that covered cause of loss about.

1. **Weather conditions.** This insurance does not apply to loss produced by weather conditions, but only when the weather conditions combine in any manner with a cause or event that Section B. excludes to produce the loss. Rain that sets off a mudslide cannot rescue the mudslide claim from the water exclusion; rain acting on its own remains a covered cause of loss subject to the rest of this form.
2. **Acts and decisions.** This insurance does not apply to loss produced by the decisions or acts, or by the failures to decide or act, of any person, organization, group, or governmental body. A deliberate release of water from a dam stays inside the water exclusion in Paragraph B.7.; a decision that leads to a fire leaves the fire damage payable under the lead-in to this Section D.
3. **Faulty planning, design, materials, and maintenance.** This insurance does not apply to loss produced by faulty, inadequate, or defective:
 - a. planning, zoning, development, surveying, or siting;
 - b. design, workmanship, specifications, construction, repair, remodeling, renovation, grading, or compaction;
 - c. materials used in construction, repair, remodeling, or renovation; or
 - d. maintenance;

of any property, in whole or in part, wherever that property is located. The defective work itself is a warranty and liability matter, not a subject of this insurance. But under the lead-in to this Section D., a defective weld is not paid

for, while the fire the weld ignites, and the damage that fire does, is.

E. Product Damage Exclusion

1. **Errors and omissions affecting products.** This insurance does not apply to loss of or damage to merchandise, goods, or any other product when an error or omission produces the loss and any person or entity, including one holding the product under an outsourcing arrangement, commits the error or omission at any stage of the product's development, production, or use, including its planning, processing, testing, packaging, installation, repair, or maintenance. This exclusion applies to every effect that compromises the product's quality, substance, or form. But we will pay for the damage that a covered cause of loss does to covered property when the error or omission brings that covered cause of loss about. A defectively designed unit that overheats is not paid for; the fire it starts, and everything that fire destroys, is.
2. **Coverage-form-specific rules.** When this form serves a time element coverage form or a legal liability coverage form, additional exclusions and substitutions stated in those forms tailor this form to their subject matter. Those provisions travel with the respective coverage forms and control over this form to the extent they conflict with it.

F. Restricted Property And Circumstances

1. **Property and circumstances outside coverage.** The property described in this Paragraph F.1. is not covered under the circumstances it states, and no consequential loss to other covered property flowing from the uncovered loss is payable either:
 - a. **Steam apparatus, internal events.** Damage to steam pipes, steam boilers, steam turbines, or steam engines that you own or lease, or that operate under your control, is not covered when the damage arises from any event or condition inside that equipment. But we will pay when gases or fuel explode inside the furnace of a fired vessel or inside its combustion flues and passages.

b. Water heating equipment, internal events. Damage to hot water boilers and other equipment that heats water is not covered when the damage arises from any event or condition inside the equipment; damage from an explosion inside it remains covered.

c. Interior damage from the elements. Damage that rain, snow, sleet, ice, sand, or dust does to the interior of any building or structure, or to personal property inside, is not covered, whether or not wind drives the element, unless:

- (1) a covered cause of loss first damages the roof or the walls of the building or structure, and the element enters through that damage; or
- (2) the loss results from snow, sleet, or ice thawing on the building or structure.

A roof that merely leaks during a storm presents a maintenance claim; a roof that wind first tears open presents a covered one. The thawing exception reaches ice dam losses, in which a ridge of ice forming at the edge of a roof traps melting snow and forces the water under the roof covering.

d. Theft of unattached building materials. Building materials and supplies not yet attached as part of the building or structure are not covered against theft, unless you hold those materials and supplies for sale.

e. Missing property. Missing property is not covered when the only evidence of loss is a shortage discovered on taking inventory, or when nothing physical shows what became of the property. Inventory shrinkage is a crime insurance subject.

f. Unauthorized transfer instructions. Property released or moved to any person, or to any place away from the described premises, on instructions that no one authorized is not covered.

g. Vegetated roofs. Plants, lawns, shrubs, and trees forming part of a vegetated roof are not covered when the damage arises from: dryness or dampness of the atmosphere or of the supporting soil;

temperature changes or extremes; disease; hail or frost; or snow, rain, sleet, or ice.

2. Property covered only against listed perils. The following property types are covered only when a “specified cause of loss” or breakage of building glass produces the loss:

a. Animals. Animals, and then only when they are killed or when their destruction becomes necessary;

b. Fragile articles. Fragile articles such as statuary, marbles, chinaware, and porcelains, if broken; this restriction does not reach glass or containers of property held for sale; and

c. Builders’ machinery away from the premises. Builders’ machinery, tools, and equipment that you own, or that others have entrusted to you, while that property is farther than 100 feet from the described premises.

3. Cost of repairing the source of an escape. We will not pay the cost of repairing any defect in a system or appliance out of which water, another liquid, powder, or molten material escapes. But we will pay:

a. to repair or replace damaged parts of fire-extinguishing equipment when discharge from an automatic fire protection system produces the damage, or freezing directly produces it; and

b. the tear-out and replacement costs that Paragraph J.2. describes, incurred to reach the point of escape.

G. Theft Recovery Caps

Theft is a covered cause of loss under this form except as Sections B. through F. exclude or restrict it. For the property categories listed below, the most we will pay for theft loss in any one occurrence is the amount stated for the category, or any higher amount the declarations show for it:

- 1. \$2,500 for furs, garments trimmed with fur, and fur garments;
- 2. \$2,500 for jewelry and watches; watch movements; pearls and jewels; precious and semiprecious stones; and bullion, gold, silver, platinum, and other precious metals or alloys;

this cap does not reach any jewelry item or watch valued at \$100 or less;

- 3. \$2,500 for patterns, molds, dies, and forms; and
- 4. \$250 for letters of credit, stamps, and tickets, including lottery tickets held for sale.

Each cap applies per occurrence no matter how many articles, or how many types of articles, the occurrence involves: one burglary of 40 watches yields one cap, not 40. Each cap counts against, rather than adds to, the limit of insurance that applies to the property. The caps apply to the peril of theft alone; the same property destroyed by fire or by any other covered cause of loss is subject to the full applicable limit. These caps do not restrict business income coverage or extra expense coverage. A jeweler, a furrier, or a tool-and-die shop will recognize its entire livelihood in these categories; for these businesses the caps signal that specialty coverage, such as a jewelers block or a scheduled inland marine form, is the intended home for the exposure rather than this form.

H. Supplemental Grant: Abrupt Collapse

- 1. **The grant.** We will pay for the direct physical loss that an “abrupt collapse” of a building inflicts on covered property, if the building is insured under the attached coverage form or contains covered property insured under it, and one or more of the following causes the collapse:
 - a. building decay hidden from view, unless an insured knew of the decay before the collapse;
 - b. damage by insects or vermin hidden from view, unless an insured knew of the damage before the collapse;
 - c. defective methods or materials used in construction, remodeling, or renovation, when the “abrupt collapse” happens while that work is in progress; or
 - d. defective methods or materials used in construction, remodeling, or renovation, when the “abrupt collapse” happens after that work is complete, but only when one or more of the following contributes to the collapse:
 - (1) hidden decay, or hidden insect or vermin damage, as described in

Paragraphs H.1.a. and H.1.b.;

- (2) a “specified cause of loss”;
- (3) glass breakage in the building;
- (4) the weight of personal property or of people; or
- (5) the weight of rain collecting on a roof.

2. What this grant does not reach. This Section H. does not apply to:

- a. a building, or part of one, that is in danger of falling or caving in but has not done so;
- b. a still-standing part of a building, even one that has separated from another part; or
- c. a building, or any part of one, that is still standing, even when it shows bulging, cracking, leaning, bending, sagging, settling, shrinkage, or expansion.

Loss of structural integrity without an actual abrupt falling down or caving in sits outside this grant.

3. Outdoor and appurtenant property. When a cause listed in Paragraph H.1. produces an “abrupt collapse”, we will pay for damage to the following property types only when the damage flows directly from the abrupt collapse of a building that the attached coverage form insures and the damaged property is itself covered property under that form: awnings; gutters and downspouts; fences; yard fixtures; swimming pools located outdoors; retaining walls; piers, docks, and wharves; beach and diving platforms and their appurtenances; walks, roadways, and other paved surfaces; and outdoor radio and television antennas, satellite dishes included, with their masts, towers, and lead-in wiring.

4. Personal property. We will pay for damage that the abrupt falling down or caving in of personal property causes, even when no building collapses, but only when:

- a. a cause listed in Paragraph H.1. produces the falling down or caving in;
- b. the personal property that falls down or caves in is inside a building; and
- c. the property that falls down or caves in is not of a type listed in Paragraph H.3.,

whether it is personal property or real property.

We will not pay under this Paragraph H.4. when marring or scratching is all the damage the event causes. Personal property that has not actually fallen or caved in sits outside this Paragraph H.4., even when it shows bulging, cracking, bending, sagging, settling, shrinkage, or expansion.

- 5. **Relation to the rest of the policy.** Amounts we pay under this Section H. sit within, and never enlarge, the limits of insurance of the coverage part. The term covered cause of loss, wherever this form or the attached coverage form uses it, includes “abrupt collapse” as this Section H. describes and restricts it.

I. Supplemental Grant: Limited Remediation Of Fungus, Rot, And Bacteria

- 1. **Trigger.** We will pay under this Section I. only when “fungus”, wet rot, dry rot, or bacteria develops as the result of either of the following occurring within the policy period:
 - a. a “specified cause of loss”, fire and lightning excepted; or
 - b. flood, when a flood endorsement covers the affected premises.

You must take every reasonable measure to save and protect the property from further damage when the occurrence happens and afterward; this Section I. applies only when you do. This Section I. does not reach plants, lawns, trees, or shrubs forming part of a vegetated roof.

- 2. **What we pay.** Under this Section I. we will pay:
 - a. for the direct physical loss that the “fungus”, wet rot, dry rot, or bacteria inflicts on covered property, including the cost of removing the growth;
 - b. the cost of tearing out and replacing any portion of the building, or of other property, that must be opened to reach the growth; and
 - c. the cost of testing performed once removal, repair, replacement, or restoration is complete, to confirm that the remediation

succeeded, when there is reason to believe growth remains present.

- 3. **Aggregate cap.** The most we will pay under Paragraph I.2. is \$15,000 in the aggregate, no matter how many claims arise. That \$15,000 caps the combined total of all loss and damage arising out of every occurrence of a “specified cause of loss”, fire and lightning excepted, and of flood, taking place in a 12-month span that begins with the start of the current annual policy period. When growth from those occurrences persists into, or returns during, a later policy period, we will pay no more than whatever portion of that same \$15,000 remains unused. Payments under this Section I. sit within, and never enlarge, whatever limit of insurance applies to the covered property.
- 4. **Relation to other grants.** The terms of this Section I. do not reduce or alter the tear-out coverage in Paragraph J.2. or the collapse grant in Section H.
- 5. **Time element mechanics.** This Paragraph I.5. applies only when business income coverage, extra expense coverage, or both cover the described premises, and only when the “suspension” of operations meets the terms of the applicable time element coverage form:
 - a. when the loss that produces the growth would not by itself force a “suspension” of operations, but the damage the growth causes forces one, we will pay no more than 30 days of loss; the days need not run consecutively; and
 - b. when loss other than the growth causes a covered “suspension”, and remediating the growth stretches the recovery period, we will pay the loss and expense sustained during that delay, up to 30 additional days, which also need not run consecutively.

Both the \$15,000 cap and the 30-day counts can be increased by endorsement. Fire and lightning stand outside this Section I. entirely: growth resulting from fire or lightning is adjusted under the ordinary coverage of this form, without the caps in this Section I., as Paragraph B.8. states.

J. Supplemental Extensions

1. Property in transit. We will pay up to \$5,000 for direct physical loss that your covered personal property sustains while in transit between points in the coverage territory on vehicles you own, lease, or operate, while the property is farther than 100 feet from those premises. This extension does not apply while the property is in your salespersons' care, custody, or control. This extension responds only to loss produced by:

- a. fire; lightning; windstorm or hail; explosion; riot or civil commotion; or vandalism;
- b. collision, upset, or overturn of the vehicle; collision means accidental contact of your vehicle with another vehicle or with an object, not contact of the vehicle with the roadbed; or
- c. theft of a whole case, bale, or package, accomplished by forcing entry into a locked and secured body or compartment of the vehicle, when visible marks of the forcing remain on the body or compartment.

The \$5,000 payable under this Paragraph J.1. is additional insurance, and no coinsurance condition in the attached coverage form applies to it.

2. Tear-out to reach an escape. When water, another liquid, powder, or molten material escapes from a system or appliance and causes covered loss, we will pay the cost of tearing out and replacing the parts of the building or structure that must be opened to reach and repair the system or appliance from which the substance escaped. We will not pay to repair the defect in the system or appliance itself, as Paragraph F.3. states. Amounts paid under this Paragraph J.2. sit within, and never enlarge, the applicable limit of insurance.

3. Glass. When covered glass breakage occurs, we will pay:

- a. the expenses you incur to put up temporary plates, or to board up openings, while repair or replacement of the damaged glass is delayed; and
- b. the expenses you incur to remove and replace obstructions when repairing or

replacing building glass; window displays are not obstructions for this purpose.

Amounts paid under this Paragraph J.3. sit within, and never enlarge, the applicable limit of insurance.

K. Definitions

The following terms have the meanings stated below wherever this form shows them in double quotation marks.

- 1. "Abrupt collapse" means that a building, or a part of one, suddenly falls down or caves in, so that the building or the affected part can no longer be occupied for its intended purpose, as Section H. further describes and restricts.
- 2. "Falling objects" does not embrace loss to personal property sitting in the open, nor loss to a building's interior or to the property inside it, unless the falling object first damages the roof or an outside wall.
- 3. "Fungus" means fungus of any form or type, mold and mildew included, together with any spores, mycotoxins, scents, or byproducts that fungi release or produce.
- 4. "Pollutants" means any irritant or contaminant, whether thermal, gaseous, liquid, or solid, including soot and smoke, vapor and fumes, acids and alkalis, chemicals, and waste; waste embraces materials held for reclamation, recycling, or reconditioning.
- 5. "Sinkhole collapse" means land suddenly sinking or collapsing into underground voids that water has carved out of limestone or dolomite. It does not include the cost of filling sinkholes, or the sinking of land into man-made cavities.
- 6. "Specified causes of loss" means the following causes of loss: fire; lightning; windstorm or hail; explosion; smoke; riot or civil commotion; aircraft or vehicles; vandalism; "sinkhole collapse"; leakage from fire-extinguishing equipment; "volcanic action"; weight of snow, ice, or sleet; "falling objects"; and "water damage". The singular "specified cause of loss" means any one of them.
- 7. "Suspension" means that your business activities stop or slow down, as the applicable

time element coverage form more fully defines.

- 8. "Volcanic action" means direct loss that a volcanic eruption inflicts through airborne volcanic blast or airborne shock waves; through ash, dust, or particulate matter; or through lava flow. It does not include the cost of removing ash, dust, or particulate matter that causes no direct physical loss to covered property.
- 9. "Water damage" means:
 - a. the accidental escape or leakage of steam or water that directly results from the cracking or breaking apart of a heating, plumbing, air conditioning, or comparable system or appliance located on the described premises and containing steam or water; a sump system, its related equipment and parts included, does not count as a system or appliance under this Paragraph K.9.a.; and
 - b. the accidental escape of water or waterborne material that directly results from wear and tear cracking or breaking apart a pipe located away from the described premises, when the pipe belongs to, or connects to, a potable water supply or a sanitary sewer system that a public or private utility operates under authority granted by the state or a political subdivision where the described premises sit.

"Water damage" never includes loss that Paragraph B.7. removes. When weather-induced flooding causes, follows, or is worsened by a pipe cracking or breaking apart, the loss stays excluded under Paragraph B.7., even where wear and tear contributed to the pipe's failure. Water that meets the tests of Paragraph K.9.a. or K.9.b. is not treated as surface water or as underground water for purposes of Paragraph B.7.

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