



STATE FISCAL ACCOUNTABILITY AUTHORITY

INSURANCE RESERVE FUND
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CAUSES OF LOSS - EARTHQUAKE FORM

COMMERCIAL PROPERTY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

A. COVERED CAUSES OF LOSS

When Earthquake is shown in the Declarations, Covered Causes of Loss means the following:

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

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.

B. EXCLUSIONS

1. We will not pay for 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. Ordinance or Law

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

b. Governmental Action

Seizure or destruction of property by order of governmental authority.

c. Nuclear Hazard

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

d. Power Failure

The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises.

But if the loss or damage by a Covered Cause of Loss results, we will pay for that resulting or damage.

e. 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 government authority in hindering or defending against any of these.

2. We will not pay for loss or damage caused by or resulting from:

- a. Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires.
- b. Fire, explosion (other than volcanic explosion), landslide, mine subsidence, tidal wave, flood, mudslide or mudflow, even if attributable to an Earthquake or Volcanic Eruption.
- c. Any Earthquake or Volcanic Eruption that begins before the inception of this insurance.

3. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

- a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, or Extra Expense Coverage Form

We will not pay for:

- (1) Any loss caused by or resulting from:

- (a) Damage or destruction of "finished stock"; or
- (b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas, including their lead-in wiring, masts or towers.

- (3) Any increase of loss caused by or resulting from:

- (a) Delay in rebuilding, repairing or replacing the property or resuming [operations], due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
- (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations", we will cover such loss that affects your Business Income during the "period of restoration".

- (4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

(5) Any other consequential loss.

b. Leasehold Interest Coverage Form

- (1) Paragraph B.1.a. Ordinance or Law, does not apply to insurance under this Coverage Form.
- (2) We will not pay for any loss caused by:
 - (a) Your canceling the lease;
 - (b) The suspension, lapse or cancellation of any license; or
 - (c) Any other consequential loss.

c. Legal Liability Coverage Form

- (1) The following Exclusions do not apply to insurance under this Coverage Form.
 - (a) Paragraph B.1.a., Ordinance or Law;
 - (b) Paragraph B.1.b., Governmental Action;
 - (c) Paragraph B.1.c., Nuclear Hazard
 - (d) Paragraph B.1.d., Power Failure; and
 - (e) Paragraph B.1.e, War and Military Action.

(2) Contractual Liability

We will not defend any claim or "suit," or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement.

(3) Nuclear Hazard

We will not defend any claim or "suit," or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

C. LIMITATION

We will not pay for loss of 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:

1. The Deductible applicable to this form; or
2. The Additional Condition, Coinsurance, applicable to this Coverage Part.

This limitation does not apply if:

- a. The premises description in the Declarations specifically states "Including Masonry Veneer"; or
- b. Less than 10% of the total outside wall area is faced with masonry veneer (excluding stucco).

D. DEDUCTIBLE

1. The following is applicable to all Coverage Forms except:
 - (1) Business Income (And Extra Expense) Coverage Form;
 - (2) Business Income (Without Extra Expense) Coverage Form;
 - (3) Extra Expense Coverage Form.

The Deductible, if any, in this Coverage Part is replaced by the following with respect to Earthquake and Volcanic Eruption;

We will subtract a sum from the amount of loss or damage in any one occurrence.

- a. The sum we subtract from each separate item will be a percentage of its value. The applicable percentage is shown in the Declarations.
- b. This Deductible applies separately to the following:
 - (1) Each building or structure;
 - (2) The contents of each building or structure; and
 - (3) Personal property in the open.

Example:

When: The value of the property is \$100,000

The Earthquake Deductible is 5%
The amount of loss is \$20,000

Step (a): $\$100,000 \times 5\% = \$5,000$

Step (b): $\$20,000 - \$5,000 = \$15,000$

The most we will pay is \$15,000. The remaining \$5,000 is not covered because of the Deductible.

2. Applicable to the following Coverage Forms:

- (1) Business Income (And Extra Expense) Coverage Form;
- (2) Business Income (Without Extra Expense) Coverage Form;
- (3) Extra Expense Coverage Form

We will only pay for loss you sustain after the first 168 hours after direct physical loss or damage caused by or resulting from Earthquake or Volcanic Eruption.

This Deductible is applicable only to buildings over 4 stories in height.

INSURANCE RESERVE FUND

By 

Director