WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE
(INCLUDING BUSINESS INCOME)

This endorsement modifies insurance provided under the following:
BUILDING AND PERSONAL PROPERTY COVERAGE FORM
BUILDERS’ RISK COVERAGE FORM
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM

SCHEDULE *

The Deductibles applicable to any one occurrence are shown below:

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<th>Premises No.</th>
<th>Building No.</th>
<th>Windstorm or Hail Deductible Percentage</th>
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Minimum Deductible Per Occurrence: $50,000

* Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.

The Windstorm or Hail Deductible, as shown in the Schedule above, and set forth in this endorsement, applies to covered loss or damage caused directly or indirectly by Windstorm or Hail.

Nothing in this endorsement implies or affords coverage for any loss or damage that is excluded under the terms of the Water Exclusion or any other exclusion in this policy. If this policy is endorsed to cover Flood under the Flood Coverage Endorsement (or if you have a flood insurance policy), a separate Flood Deductible applies to loss or damage attributable to Flood, in accordance with the terms of that endorsement or policy.

As used in this endorsement, the terms “specific insurance”, “blanket insurance” and “minimum deductible per occurrence” have the following meanings: Specific insurance covers each item of insurance (for example, each building or personal property in a building) under a separate Limit of Insurance. Blanket insurance covers two or more items of insurance (for example, a building and personal property in that building, or two buildings) under a single Limit of Insurance. Items of insurance and corresponding Limit(s) of Insurance are shown in the Declarations. Minimum deductible per occurrence is the minimum deductible applicable to any one occurrence of loss or damage to Covered Property or loss of Business Income.

WINDSTORM OR HAIL DEDUCTIBLE CLAUSE

The Deductible shown in the Schedule above shall apply to all Covered Property at each location. It shall also apply to the actual loss of Business Income you sustain due to the necessary “suspension” of your “operations” during the “period of restoration”. The “suspension” must be caused by direct physical loss of or damage to property caused directly or indirectly by Windstorm or Hail at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. For the purpose of this endorsement, the 72 hour time period in the definition of “period of restoration” is eliminated.

In addition, the 72 hour time period in the Civil Authority Additional Coverage is eliminated if the action of civil authority that prohibits access to the described premises due to direct physical loss of or damage to property, other than at the described premises, is caused directly or indirectly by Windstorm or Hail. This Civil Authority Additional Coverage will apply for a period of up to three consecutive weeks from the date of that action.
WINDSTORM OR HAIL DEDUCTIBLE CALCULATIONS

A. Calculation Of The Deductible – All Policies

1. A Deductible is calculated separately for, and applies separately to:
   a. Each building that sustains loss or damage;
   b. The personal property at each building at which there is loss or damage to personal property;
   c. Personal property in the open;
   d. Loss of Business Income.

   If there is damage to a building, personal property in that building, personal property in the open, and a resulting loss of Business Income, separate deductibles apply to the building, to the personal property in that building, to the personal property in the open, and to the loss of Business Income.

2. We will not pay for loss or damage until the amount of loss or damage exceeds the applicable Deductible, subject to the minimum deductible per occurrence. We will then pay the amount of loss or damage in excess of that Deductible or the minimum deductible per occurrence, whichever is greater, up to the applicable Limit of Insurance, after any reduction required by any of the policy Loss Conditions, Additional Conditions, the Common Policy Conditions or the Commercial Property Conditions.

3. When property is covered under the Coverage Extension for Newly Acquired or Constructed Property: In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 5% of the value(s) of the property and Business Income at time of loss.

B. Calculation Of The Deductible – Specific Insurance Other Than Builders’ Risk

1. Property Not Subject To Value Reporting Forms
   In determining the amount, if any, that we will pay for loss or damage to property, we will deduct an amount equal to the Windstorm or Hail Deductible percentage (as shown in the Schedule above) to the Limit(s) of Insurance applicable to the property that has sustained loss or damage, subject to the minimum deductible per occurrence.
   In determining the amount, if any, that we will pay for loss of Business Income, we will deduct an amount equal to the Windstorm or Hail Deductible percentage (as shown in the Schedule above) to the Business Income Limit of Insurance applicable to the described premises which has sustained the loss of Business Income, subject to the minimum deductible per occurrence.

2. Property Subject To Value Reporting Forms
   In determining the amount, if any, that we will pay for loss or damage to property, we will deduct an amount equal to the Windstorm or Hail Deductible percentage (as shown in the Schedule above) to the value(s) of the property that has sustained loss or damage, subject to the minimum deductible per occurrence. The value(s) to be used are the latest value(s) shown in the most recent Report of Values on file with us.
   However:
   a. If the most recent Report of Values shows less than the full value(s) of the property on the report dates, we will determine the deductible amount as a percentage of the full value(s) as of the report dates.
   b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the applicable Limit(s) of Insurance.

   In determining the amount, if any, that we will pay for loss of Business Income, we will deduct an amount equal to the Windstorm or Hail Deductible percentage (as shown in the Schedule above) to the Business Income Limit of Insurance applicable to the described premises which has sustained the loss of Business Income, subject to the minimum deductible per occurrence.
C. Calculation Of The Deductible – Blanket Insurance Other Than Builders’ Risk

1. Property Not Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage to property, we will deduct an amount equal to the Windstorm or Hail Deductible percentage (as shown in the Schedule above) to the value(s) of the property that has sustained loss or damage, subject to the minimum deductible per occurrence. The value(s) to be used are those shown in the most recent Statement of Values on file with us.

In determining the amount, if any, that we will pay for loss of Business Income, we will deduct an amount equal to the Windstorm or Hail Deductible percentage (as shown in the Schedule above) to the Business Income Limit of Insurance applicable to the described premises which has sustained the loss of Business Income, subject to the minimum deductible per occurrence.

2. Property Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to the Windstorm or Hail Deductible percentage (as shown in the Schedule above) to the value(s) of that property as of the time of loss or damage, subject to the minimum deductible per occurrence.

In determining the amount, if any, that we will pay for loss of Business Income, we will deduct an amount equal to the Windstorm or Hail Deductible percentage (as shown in the Schedule above) to the Business Income Limit of Insurance applicable to the described premises which has sustained the loss of Business Income, subject to the minimum deductible per occurrence.

D. Calculation Of The Deductible – Builders’ Risk Insurance

1. Builders’ Risk Other Than Reporting Form

In determining the amount, if any, that we will pay for loss or damage to property, we will deduct an amount equal to the Windstorm or Hail Deductible percentage (as shown in the Schedule above) to the actual cash value(s) of that property as of the time of loss or damage, subject to the minimum deductible per occurrence.

In determining the amount, if any, that we will pay for loss of Business Income, we will deduct an amount equal to the Windstorm or Hail Deductible percentage (as shown in the Schedule above) to the Business Income Limit of Insurance applicable to the described premises which has sustained the loss of Business Income, subject to the minimum deductible per occurrence.

2. Builders’ Risk Reporting Form

In determining the amount, if any, that we will pay for loss or damage to property, we will deduct an amount equal to the Windstorm or Hail Deductible percentage (as shown in the Schedule above) to the value(s) of the property that has sustained loss or damage, subject to the minimum deductible per occurrence. The value(s) to be used are the actual cash value(s) shown in the most recent Report of Values on file with us.

However:

a. If the most recent Report of Values shows less than the actual cash value(s) of the property on the report date, we will determine the deductible amount as a percentage of the actual cash value(s) as of the report date.

b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the actual cash value(s) of the property as of the time of loss or damage.

In determining the amount, if any, that we will pay for loss of Business Income, we will deduct an amount equal to the Windstorm or Hail Deductible percentage (as shown in the Schedule above) to the Business Income Limit of Insurance applicable to the described premises which has sustained the loss of Business Income, subject to the minimum deductible per occurrence.
EXAMPLES – APPLICATION OF DEDUCTIBLE

EXAMPLE #1 – SPECIFIC INSURANCE (B.1.)

The amount of loss to the damaged building is $60,000.
The value of the damaged building at time of loss is $100,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limit of Insurance needed to meet the coinsurance requirement is $80,000 (80% of $100,000).
The actual Limit of Insurance on the damaged building is $70,000.
The Deductible is 1% subject to a minimum deductible per occurrence of $500.

Step (1): $70,000 ÷ $80,000 = .875
Step (2): $60,000 x .875 = $52,500
Step (3): $70,000 x 1% = $700
Step (4): $52,500 – $700 = $51,800

The most we will pay is $51,800. The remainder of the loss, $8,200, is not covered due to the Coinsurance penalty for inadequate insurance (Steps (1) and (2)) and the application of the Deductible (Steps (3) and (4)).

EXAMPLE #2 – SPECIFIC INSURANCE (B.1.)

The amounts of loss to the damaged property are $60,000 (building) and $40,000 (personal property in building). The loss of Business Income sustained is $20,000.
The value of the damaged building at time of loss is $100,000. The value of the personal property in that building is $80,000. The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been $100,000. The Coinsurance percentages shown in the Declarations are 80% (building and personal property) and 50% (Business Income); the minimum Limits of Insurance needed to meet the coinsurance requirements are $80,000 (80% of $100,000) for the building, $64,000 (80% of $80,000) for the personal property, and $50,000 (50% of $100,000) for Business Income.
The actual Limits of Insurance on the damaged property and loss of Business Income are $80,000 on the building, $64,000 on the personal property, and $50,000 for Business Income (therefore no Coinsurance penalty).
The Deductible is 2% subject to a minimum deductible per occurrence of $5,000.

BUILDING
Step (1): $80,000 x 2% = $1,600
Step (2): $60,000 – $1,600 = $58,400

PERSONAL PROPERTY
Step (1): $64,000 x 2% = $1,280
Step (2): $40,000 – $1,280 = $38,720

BUSINESS INCOME
Step (1): $50,000 x 2% = $1,000
Step (2): $20,000 – $1,000 = $19,000

The most we will pay is $115,000. The portion of the total loss not covered due to application of the Deductible is $5,000 (the minimum deductible per occurrence).

EXAMPLE #3 – BLANKET INSURANCE (C.1.)
The sum of the values of Building #1 ($500,000), Building #2 ($500,000) and Building #3 ($1,000,000), as shown in the most recent Statement of Values on file with us, is $2,000,000.
The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the coinsurance requirement is $1,800,000 (90% of $2,000,000).
The actual Blanket Limit of Insurance covering Buildings #1, #2, and #3, shown in the Declarations, is $1,800,000 (therefore no Coinsurance penalty).

Buildings #1 and #2 have sustained damage; the amounts of loss to these buildings are $40,000 (Building #1) and $20,000 (Building #2).

The Deductible is 2% subject to a minimum deductible per occurrence of $25,000.

**BUILDING #1**
Step (1): $500,000 x 2% = $10,000
Step (2): $40,000 – $10,000 = $30,000

**BUILDING #2**
Step (1): $500,000 x 2% = $10,000
Step (2): $20,000 – $10,000 = $10,000

The most we will pay is $35,000. The portion of the total loss that is not covered due to application of the Deductible is $25,000 (the minimum deductible per occurrence).

**EXAMPLE #4 – BLANKET INSURANCE (C.1.)**

The sum of the values of Building #1 ($500,000), Building #2 ($500,000), Personal Property at Building #1 ($250,000) and Personal Property at Building #2 ($250,000), as shown in the most recent Statement of Values on file with us, is $1,500,000. The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been $1,000,000.

The Coinsurance percentages shown in the Declarations are 90% (building and personal property) and 50% (Business Income); the minimum Blanket Limits of Insurance needed to meet the coinsurance requirements are $1,350,000 (90% of $1,500,000) for the buildings and personal property, and $500,000 (50% of $1,000,000) for Business Income.

The actual Blanket Limit of Insurance covering Buildings #1 and #2 and Personal Property at Buildings #1 and #2, shown in the Declarations, is $1,350,000. The actual Blanket Business Income Limit of Insurance covering the described premises, shown in the Declarations, is $500,000. Therefore there is no Coinsurance penalty.

Building #1 and Personal Property at Building #1 have sustained damage; the amounts of loss are $95,000 (Building) and $5,000 (Personal Property). The loss of Business Income sustained is $50,000.

The Deductible is 5% subject to a minimum deductible per occurrence of $10,000.

**BUILDING**
Step (1): $500,000 x 5% = $25,000
Step (2): $95,000 – $25,000 = $70,000

**PERSONAL PROPERTY**
Step (1): $250,000 x 5% = $12,500
The loss, $5,000, does not exceed the Deductible.

**BUSINESS INCOME**
Step (1): $500,000 x 5% = $25,000.
Step (2): $50,000 - $25,000 = $25,000
The most we will pay is $95,000. The remainder of the building loss, $25,000, and the remainder of the loss of Business Income, $25,000, are not covered due to application of the Deductible. There is no loss payment for the personal property.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.