

RLI Home Business Insurance Policy COVERAGE DETAILS AND EXCLUSIONS

NOTE: This document is a general analysis of the coverages, limitations and exclusions applicable to the RLI Home Business Insurance (HBI) product. For more specific information, please refer to the specific coverage forms, endorsements, common policy conditions and declarations.

I. PROPERTY COVERAGE

A. Coverages

1. Covered Property
 - Business Personal Property – Property you own and property of others in your care, custody or control while in, on or within 100 feet of the building, in the open or in a vehicle. Maximum limit is \$100,000.
2. Property NOT Covered.
 - a) Building – not covered under RLI HBI
 - b) Money and Securities (optional coverage is available for Money and Securities.)
 - c) Land
 - d) Aircraft, Automobiles and Trucks
 - e) Watercraft
 - f) Outdoor Property
3. Covered Causes of Loss – Risks of direct physical loss, subject to exclusions and limitations.
4. Limitations:
 - a) Mysterious disappearance
 - b) Loss or damage to fragile items such as glassware, statuary, marble, chinaware, porcelain if broken. This restriction does not apply if broken by a “specified cause of loss”. This restriction does not apply to containers of property held for sale or photographic lenses.
 - c) \$2,500 theft limit for furs, fur garments, or garments trimmed in fur.
 - d) \$2,500 theft limit for jewelry and watches. This limitation does not apply on jewelry or watches worth \$100 or less per item.

5. Additional coverages:

- a) Loss of Business Income for up to one year.
- b) Extra Expenses to avoid or minimize the suspension of business and to continue operations.
- c) Money Orders and Counterfeit Money – limited to a maximum of \$1,000, pays for loss from your acceptance in good faith in exchange for merchandise.
- d) Forgery and Alteration protection resulting from a forgery or alteration of your check, draft, promissory note to a maximum limit of \$2,500.
- e) Electronic Data – Pays to restore or replace “electronic data” that has been destroyed or corrupted by a covered cause of loss. Maximum annual amount is \$10,000.
- f) Interruption of Computer Operations – You may extend business income and extra expense to apply to suspension of your operations due to the destruction or corruption of “electronic data” by a covered cause of loss. Maximum annual amount is \$10,000.

6. Coverage Extensions:

- a.) Business Personal Property off-premises extension is replaced by form BOP 410 (01/13). You may extend for the full Business Personal Property limit, coverage for property except money and Securities, while in transit or at a premises you do not own, lease or Operate for more than 90 days in any 12 month period.
- b) Valuable Paper and Records - \$10,000 at described premises and \$5,000 away from premises.
- d) Accounts Receivable - \$10,000 at described premises and \$5,000 away from premises.

B. Exclusions

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

- Ordinance or Law
- Earth Movement
- Governmental Action
- Nuclear Hazard
- Power Failure
- War & Military Action
- Water
- Electrical Apparatus
- Consequential Losses
- Smoke, Vapor or Gas
- Steam Apparatus
- Frozen Plumbing
- Dishonesty
- False Pretense
- Exposed Property
- Collapse
- Pollution
- Weather Conditions
- Acts or Decisions
- Weight Loss Products

- Certain Computer Related Losses
- Errors or Omissions
- Installation, Testing, Repair
- Electrical Disturbance
- “Fungi” Wet Rot, Dry Rot and Bacteria

C. Business Personal Property Limit - Seasonal Increase

The limit of insurance for Business Personal Property will automatically increase 25% to provide for seasonal variations, if certain conditions are met.

D. Deductible

A \$250 deductible applies to all losses. No other deductible is available.

E. Loss Valuation

Most property is valued at replacement cost without deduction for depreciation. The following property is valued at actual cash value: a) used or second hand merchandise; b) manuscripts; c) works of art, antiques or rare articles, d) property of others.

F. Who is Insured

The person or persons named on the declarations page.

II. LIABILITY COVERAGE

A. Coverages

1. Business Liability: Pays up to the stated limit of liability for damages arising from the insured’s business for which insured is legally liable. Maximum limit is \$1,000,000. Damages include:
 - Bodily Injury or Property Damage.
 - Personal Injury - excluding advertising, publishing, broadcasting or telecasting done by or for the insured.
 - Advertising Injury. – Subject to exclusions
2. Medical Expenses for Bodily Injury caused by an accident on premises the insured owns or rents; on ways next to those premises; or because of the insured’s operations. Regardless of fault, we will pay reasonable expenses (up to the limit) for: 1) first aid at the time of the accident; 2) necessary medical, surgical, x-ray and dental services, including prosthetic devices, and 3) necessary ambulance, hospital, professional nursing and funeral services. Medical Expenses limit is \$5,000 per person.

B. Exclusions (subject to exceptions and limitations)

1. Business Liability Exclusions:

- a) Expected or Intended Injury
- b) Contractual Liability
- c) Liquor Liability.
- d) Workers' Compensation and similar laws.
- e) Employers' Liability
- f) Pollution
- g) Liability arising from motor vehicles, such as aircraft, auto and watercraft owned or operated by or rented or loaned to any insured. Some exceptions apply.
- h) Liability arising from the transportation of mobile equipment.
- i) War.
- j) Professional Liability due to rendering or failure to render any professional service.
- k) Property Damage due to personal property in the insured's care, custody or control.
- l) Property Damage to the insured's product or completed work arising out of work.
- m) Property Damage to impaired property or property not physically injured.
- n) Products or work recall losses.
- o) Personal and Advertising Injury arising from: a) oral or written publication of false material; b) publication before policy inception; c) willful violation of a law with the consent of an insured; d) assumed liability unless the insured would be liable without the contract. e) breach of contract; f) failure of products to conform with advertised quality or performance; g) the wrong description of the price of goods or services; h) an offense committed by an insured whose business is advertising, broadcasting, publishing or telecasting; i) pollutants; j) electronic chatroom or bulletin board the insured hosts or controls; k) intellectual property hazard; l) unauthorized use of another's name or product; m) the manufacturing, inspecting, packaging, marketing, selling, handling or distribution of dietary supplements or weight loss products.
- p) Electronic Data – damages arising out of the loss of or loss of use, or damage to, or corruption of electronic data.
- q) Criminal Acts – “Personal and Advertising Injury” arising out of a criminal act committed by the insured or at the direct of the insured.
- r) Distribution of Materials in Violation of Statutes – Excludes liability coverage for any action or omission that violates any statute, ordinance or regulation that prohibits or limits the sending, transmitting communicating or distribution of material or information.

2. Medical Expense Exclusions:

We will not pay expenses for “bodily injury”:

- a) To any insured.
- b) To a person hired to do work for or on behalf of any insured or tenant of any insured.
- c) To a person injured on that part of premises you own or rent that the person normally occupies.
- d) To a person, whether or not an employee of any insured, if benefits for the “bodily injury” are payable or must be provided under a workers’ compensation or disability benefits law or a similar law.
- e) To a person injured while taking part in athletics.
- f) Included within the “products-completed operations hazard”.
- g) Excluded under the business liability coverage.

3. A Nuclear Energy Liability Exclusion applies to both Business Liability and Medical Expense coverage.

C. Who is insured.

1. The person or organization shown on the declarations:

- a) If an individual, spouse is also insured as to conduct of business.
- b) If a partnership or joint venture, each member, partner and their spouses.
- c) If a limited liability company, you are insured. Your members and managers are insured with respect to the conduct of your business.
- d) If an organization other than partnership, joint venture or limited liability company, the organization, executive officers and directors are insured with respect to their duties, and stockholders are insured as to their liability as stockholders.

2. Each of the following is also an insured to some degree:

- a) Volunteer workers while performing duties related to the conduct of the business.
- b) Employees for acts within the scope of their employment.
- c) Other persons or organization while acting as the insured’s real estate manager.
- d) Any person or organization having proper temporary custody of the insured’s property if he dies.
- e) The insured’s legal representative after insured dies.

3. Any person driving mobile equipment registered in the insured’s name along a highway with insured’s permission. Mobile equipment includes such machinery and equipment as bulldozers, farm machinery, forklifts, vehicles that travel on crawler treads, etc. designed for use principally off public roads.

4. Additional insured endorsements are available for an additional premium. Qualified additional insureds are: a) Controlling Interest; b) Owner or Lessor of Leased Land; c) Co-Owner of Insured Premises; d) Manager or Lessor of Premises; e) Lessor of Leased Equipment; f) Grantor of Franchise; g) State or Political Subdivision for permits relating to the premises; h) Dispatch or Referral SVC; i) Grantor of License.

D. Limits of Insurance

1. Business Liability and Medical Expense limit is \$300,000 with options of \$500,000 or \$1,000,000.
2. Medical Expenses limit for bodily injury is \$5,000 per person.
3. Damage to Premises Rented to You limit is \$50,000 for any one fire or explosion.
4. Aggregate limits equal to twice the Business Liability and Medical Expense limit also apply to each annual period.