PLEASE READ THIS ENDORSEMENT CAREFULLY, AS IT MODIFIES THE POLICY.

HOME BUSINESS
ACCOUNTS RECEIVABLE ENDORSEMENT

In return for an additional premium, the coverage provided by the Home Business Property Coverage Part (RC 4800) is amended to include Accounts Receivable Coverage, as defined by this endorsement. The following optional property coverage applies only if there is an amount of coverage shown on this schedule and this endorsement number appears on the Declarations.

AMOUNT OF INSURANCE $____________________

ACCOUNTS RECEIVABLE COVERAGE

1. **Property Covered.** "We" pay for loss to "your" accounts receivable records caused by a peril specified in this endorsement while at the "insured premises". This includes:
   a. the sums that are due and that "you" cannot collect from "your" customers because of the loss;
   b. the interest charge on a loan if that loan is used to offset those sums that cannot be collected pending "our" payment of those sums;
   c. collection costs that result from the loss which are above "your" normal collection costs; and
   d. the reasonable cost to reconstruct "your" accounts receivable records.

2. **Property Not Covered.** "We" do not cover contraband or property in the course of illegal transportation or trade.

3. **Additional Coverages.**
   a. **Property Away From Premises** – "We" cover direct physical loss to "your" accounts receivable records caused by a peril specified in this optional coverage while away from the "insured premises". This additional coverage applies while the accounts receivable records are at a temporary location or in transit, but not while in storage at another location. The most "we" pay under this coverage is 10% of the Amount of Insurance shown on this endorsement.
   b. With respect to the Accounts Receivable Coverage provided by this endorsement, **Emergency Removal of Property** in the policy is deleted and replaced by:

      **Removal** – "We" pay for loss to "your" accounts receivable records while moved or being moved from the "insured premises" to prevent a loss from a peril specified in this optional coverage. "We" pay for any direct physical loss to that property. This coverage applies for up to ten days after the property is first moved.

      These coverages do not increase the limit for the covered property.

4. **PERILS WE INSURE AGAINST or PERILS INSURED AGAINST** is deleted and replaced by the following:

   **Perils We Insure Against.** "We" cover external risks of direct physical loss unless the loss is limited or caused by a peril that is excluded below.

5. **Exclusions.** Only the following exclusions apply to the coverage provided by this endorsement.

   "We" do not pay for loss or damage caused 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.

Includes copyrighted material with permission of American Association of Insurance Services.
a. Criminal, Fraudulent or Dishonest Acts.

"We" do not pay for loss caused by or resulting from criminal, fraudulent, dishonest, or illegal acts committed alone or in collusion with another by:

1) "You";
2) Others who have an interest in the property;
3) Others to whom "you" entrust the property;
4) "Your" partners, officers, directors or trustees if "you" are a partnership, joint ventures, or a corporation; or
5) The employees or agents of 1), 2), 3) or 4) above, whether or not they are at work. This exclusion does not apply to acts of destruction by such employees or agents of 1), 2), 3) or 4) above, but "we" do not pay for theft by such employees or agents.

This exclusion applies to any claim of "your" spouse, even if the spouse did not personally participate in or know of the criminal, fraudulent, dishonest, or illegal act.

"We" do pay for loss caused by dishonest acts by carriers or other bailees for hire.

b. Loss due to "your" voluntary parting with possession of covered property if "you" are induced to do so by a trick, scheme, or device or through fraud or false pretense. This includes the acceptance of:

1) Counterfeit money or fraudulent post office or express money orders;
2) Checks or promissory notes that are not paid upon presentation; or
3) Credit cards that are illegally obtained and or used.

c. Failure of any electronic data processing equipment, computer program, software, media, or data to correctly recognize, interpret, or process any encoded, abbreviated, or encrypted date or time.

d. Nuclear action, meaning nuclear reaction, radiation, radioactive contamination or discharge of a nuclear weapon even if accidental, or any consequence of any of these. Loss caused by nuclear action is not considered loss by perils of Fire, Explosion, or Smoke.

Direct loss by fire resulting from nuclear reaction is covered.

e. War (declared or undeclared), civil war, insurrection, rebellion or revolution.

f. Destruction, alteration, falsification, or concealment of "your" accounts receivable records that is done to conceal the criminal, fraudulent, dishonest, or illegal giving, taking, or withholding of money, securities, or other property.

g. Electrical or magnetic damage, disturbance, or erasure of electronic data or records that is caused by:

1) erroneous programming or faulty equipment instructions;
2) faulty or inadequate installation or maintenance of data processing equipment; or
3) electrical power supply disturbances including surges, blackouts, or brownouts if the cause of the disturbance took place more than 100 feet from the "insured premises".

h. Discrepancy that is discovered in "your" books or records if this is the only means to prove that a loss has occurred. If there is other evidence to prove that a loss has occurred, "you" may use the discrepancy to support "your" claim.

i. Bookkeeping, accounting, or billing errors or omissions.

j. Loss of use, business interruption, delay, or loss of market.

6. CONDITIONS

The following conditions are deleted and replaced in regard to the coverage provided by this endorsement.

a. Loss Settlement or How Much We Pay For Loss or Claim

"We" will pay no more than the smallest of the following amounts:

1) the total sum of accounts receivable due. From this total "we" will deduct:
   a) all amounts due from the accounts receivable records that are not lost;
b) all amounts due that can be established by other means;
c) all amounts due that "you" have collected from the records that are lost;
d) all unearned interest and service charges; and
e) an amount to allow for bad debts;

2) the reasonable cost to reconstruct "your" accounts receivable records; or

3) the Amount Of Insurance shown on this endorsement.

4) If a loss occurs and "you" cannot establish the actual accounts receivable amount due, it will be determined as follows:
   a) "We" will determine the average monthly accounts receivable amount(s) for the past 12 month period that
directly precedes the month in which the loss occurred; and
   b) "We" will adjust this average amount for any verifiable variance in the accounts receivable amount for the
month in which the loss occurred.

b. Deductible. No deductible applies to this coverage.

c. Recovered Property
   All amounts that "you" receive on accounts receivable which "we" have paid for belong to "us". Amounts that "you"
receive that are above the amount that "we" have paid will belong to "you".

Coverages are subject to the terms and conditions of the policy as amended by the Home Business Property Coverage
Part (RC 4800).