



OREGON MUTUAL INSURANCE COMPANY  
BUSINESSOWNERS  
WASHINGTON CHANGES – CONDOMINIUM  
ASSOCIATION COVERAGE

M2731B (1-06)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

**A. Section I – Property** is amended as follows:

1. Paragraph **A.1.a. Building** is replaced by the following:
  - a. Building, meaning the building or structure described in the Declarations, including:
    - (1) Completed additions;
    - (2) Fixtures, outside of individual units, including outdoor fixtures;
    - (3) Permanently installed:
      - (a) Machinery; and
      - (b) Equipment;
    - (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
      - (a) Fire extinguishing equipment;
      - (b) Outdoor furniture;
      - (c) Floor coverings; and
      - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering that are not contained within individual units;
    - (5) If not covered by other insurance:
      - (a) Additions under construction, alterations and repairs to the building or structure;
      - (b) Materials, equipment, supplies, and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure; and
    - (6) Any of the following types of property contained within a unit regardless of ownership, if your Condominium Association Agreement requires you to insure it:
      - (a) Fixtures, improvements and alterations that are a part of the building or structure; and
      - (b) Appliances, such as those used for refrigerating, ventilating, cooking, dishwashing, laundering, security or housekeeping.

But Building does not include personal property owned by, used by or in the care, custody or control of a unit-owner except for personal property listed in Paragraph **A.1.a.(6)** above.

2. Paragraph **A.1.b. Business Personal Property** is replaced by the following:
  - b. Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following:
    - (1) Personal property owned by you or owned indivisibly by all unit-owners;
    - (2) Your interest in the labor, materials or service furnished or arranged by you on personal property of others;
    - (3) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under personal property of others.Business Personal Property does not include personal property owned only by a unit-owner, unless it is in your care, custody or control as covered below.  
This also includes property of others that is in your care, custody or control, except as otherwise provided in Loss Payment Property Loss Condition **E.6.d.(3)(b)**.
3. Paragraph **E.6.a. Loss Payment** Property Loss Condition is replaced by the following:
  - a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:
    - (1) Pay the value of the lost or damaged property;
    - (2) Pay the cost of repairing or replacing the lost or damaged property;
    - (3) Take all or any part of the property at an agreed or appraised value; or
    - (4) Repair, rebuild or replace the property with other property of like kind and quality.

However, Option (3) will not apply if you are required by state law to repair or replace the property; and Option (4) will not apply if the property is not being repaired or replaced in accordance with state law.

Subsection (7) of Wash. Rev. Code Ann. Section 64.34.352 (1990) provides that any portion of the condominium for which insurance is required shall be repaired or replaced unless:

- (i) The condominium is terminated;
- (ii) Repair or replacement would be illegal under any state or local health or safety statute or ordinance; or
- (iii) 80% of the unit-owners vote not to rebuild.

This includes every owner of a unit or assigned limited common element that will not be rebuilt.

4. The following are added to Paragraph **E.6. Loss Payment** Property Loss Condition and supersede any provisions to the contrary:

- h. If the condominium is terminated, we will pay for covered loss of, or damage to, buildings or structures to each mortgage-holder shown on the Declarations in their order of precedence, as interests may appear.  
In all other respects, we will pay for loss to buildings or structures to you or the designated insurance trustee in accordance with this **Loss Payment** Property Loss Condition.
- i. If you name an insurance trustee, we will adjust losses with you, but we will pay the insurance trustee designated for that purpose. If we pay the trustee, the payments will satisfy your claims against us.

**B. Section II – Liability** is amended as follows:

- 1. The following is added to Paragraph **C. Who Is An Insured**:
  - 3. The developer in the developer's capacity as a unit-owner, but only with respect to the developer's liability arising out of:
    - a. The ownership, maintenance or repair of that portion of the premises which is not owned solely by the developer; or
    - b. The developer's membership in the association.

However, the insurance afforded with respect to the developer does not apply to liability for acts or omissions committed in his or her capacity as a developer.

- 4. Each other unit-owner of the described condominium but only with respect to that person's liability arising out of the ownership, maintenance or repair of that portion of the premises which is not owned solely by the unit-owner or out of that unit-owner's membership in the association.

**C. Section III – Common Policy Conditions** is amended as follows:

- 1. The following is added to Paragraph **H. Other Insurance** and supersedes any provision to the contrary:

**4. Unit-Owner's Insurance**

A unit-owner may have other insurance covering the same property or "bodily injury", "property damage", "personal injury" or "advertising injury" as this insurance. This insurance is intended to be primary, and not to contribute with such other insurance.

- 2. The following is added to Paragraph **K. Transfer Of Rights Of Recovery Against Others To Us**:

We waive our rights to recover payment against:

- a. Any unit-owner, including the developer, members of the unit-owner's household, and lessees of the unit-owner;
- b. The Association; and
- c. Members of the board of directors for acts or omissions committed within the scope of their duties for you.

But we reserve our rights to recover from the developer damages for which he or she may be held liable in his or her capacity as a developer.

- 3. The following Paragraph is added:

**M. Act Or Omission**

No act or omission by any unit-owner will void this policy or be a condition to recovery under this policy. But this Condition does not apply to unit-owners acting within the scope of their authority on behalf of the Association.