



**OREGON MUTUAL INSURANCE COMPANY
BUSINESSOWNERS
FINE ARTS DEALERS AND GALLERIES COVERAGE FORM**

M2800BW (5-07)

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F** – Definitions.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property from any of the Covered Causes of Loss.

1. Covered Property, as used in this Coverage Form, means:

- a.** Your fine arts; and
- b.** Fine arts of others that are in your care, custody or control.

Fine arts includes, but is not limited to, antiques, paintings, etchings, drawings, tapestries, sculptures and fragile property such as porcelains, china and marble.

2. Property Not Covered

Covered Property does not include:

- a.** Property that has been sold and delivered to customers, including property sold under a deferred payment sales agreement;
- b.** Your furniture, fixtures, office supplies, improvements or betterments, machinery, tools, fittings, patterns, dies, molds, or models, that are not held for sale;
- c.** Property while on exhibition at fair grounds or on the premises of any national or international exposition;
- d.** Equipment, material and supplies used to conduct your business;
- e.** Stamps, coins, jewelry (other than antique jewelry), precious and semiprecious stones and precious metals;
- f.** Automobiles;
- g.** Property shipped by mail; or
- h.** Contraband, or property in the course of illegal transportation or trade.

3. Covered Causes of Loss

Covered Causes of Loss means Risks of Direct Physical Loss or Damage to Covered Property except those causes of loss listed in the Exclusions.

4. Additional Coverages

a. Debris Removal

- (1)** We will pay your expenses to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2)** The most we will pay under this Additional Coverage is 25% of:
 - (a)** The amount we pay for the direct physical loss or damage to Covered Property; plus
 - (b)** The deductible in this policy applicable to that loss or damage.
- (3)** Payment under this Additional Coverage will not increase the applicable Limit of Insurance, but if:
 - (a)** The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
 - (b)** The debris removal expense exceeds the amount payable under the 25% limitation;we will pay up to an additional \$5,000 in any one occurrence under this Additional Coverage.
- (4)** This Additional Coverage does not apply to costs to:
 - (a)** Extract "pollutants" from land or water; or
 - (b)** Remove, restore or replace polluted land or water.

b. Preservation of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1)** While it is being moved or while temporarily stored at another location; and

- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

This Additional Coverage does not increase the Limit of Insurance.

c. Pollutant Clean Up and Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

The limit for this Additional Coverage is in addition to the Limit of Insurance.

B. Exclusions

1. We will not pay for loss or damage caused by any of the excluded events described below. Loss or damage will be considered to have been caused by an excluded event if the occurrence of that event:
 - a. Directly and solely results in loss or damage; or
 - b. Initiates a sequence of events that results in loss or damage, regardless of the nature of any intermediate or final event in that sequence.

2. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

3. Nuclear Hazard

- a. Any weapon employing atomic fission or fusion; or
- b. Nuclear reaction or radiation, or radioactive contamination from any other cause. But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the direct loss or damage caused by that fire if the fire would be covered under this Coverage Form.

4. War and Military Action

- a. War, including undeclared or civil war;
- b. 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
- c. Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

Exclusions **B.2.** through **B.4.** apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:
 - a. Theft from any unattended vehicle unless at the time of theft its windows, doors and compartments were closed and locked and there are visible signs that the theft was the result of forced entry.

But this exclusion does not apply to property in the custody of a carrier for hire.
 - b. Delay, loss of use, loss of market or any other consequential loss.
 - c. Unexplained disappearance.
 - d. Shortage found upon taking inventory.
 - e. Dishonest or criminal act committed by:
 - (1) You, any of your partners, employees, directors, trustees, or authorized representatives;
 - (2) A manager or a member if you are a limited liability company;
 - (3) Anyone else with an interest in the property, or their employees or authorized representatives; or
 - (4) Anyone else to whom the property is entrusted for any purpose.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment.

This exclusion does not apply to Covered Property that is entrusted to others who are carriers for hire or to acts of destruction by your employees. But theft by employees is not covered.

- f. Breakage of art glass windows, statuary, glassware, bric-a-brac, marble, porcelain and similar fragile property.

But we will pay for such loss or damage caused directly by fire, lightning, explosion, windstorm, earthquake, flood, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by accident to the vehicle carrying the property if these causes of loss would be covered under this Coverage Form.

This Breakage Exclusion applies unless otherwise indicated in the Declarations.

- g. Any repairing, restoration or retouching of the Covered Property.
- h. Marring, scratching, chipping or denting.
But we will pay for such loss or damage caused directly by fire, lightning, explosion, windstorm, earthquake, flood, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by accident to the vehicle carrying the property if these causes of loss would be covered under this Coverage Form.
- i. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

- 3. We will not pay for loss or damage caused by or resulting from the following. But if loss or damage by a Covered Cause of Loss results, we will pay for the loss or damage caused by that Covered Cause of Loss.
 - a. Wear and tear.
 - b. Any quality in the property that causes it to damage or destroy itself, gradual deterioration.
 - c. Insects, vermin or rodents.

C. Limits of Insurance

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown for this coverage in the Declarations.

D. Deductible

We will not pay for loss or damage in any one occurrence until the amount of the adjusted loss or damage before applying the applicable Limits of Insurance exceeds the Deductible shown in the Declarations. We will then pay the amount of the adjusted loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

E. Additional Conditions

1. Valuation

The **Valuation** General Condition in the Commercial Inland Marine Conditions is replaced by the following:

a. Unsold Property

The value of unsold property will be:

- (1) The lesser of your:

- (a) Original cost, including costs associated with acquisition; or

- (b) Inventory value; and

- (2) The amounts you spent for repairs or restoration.

b. Sold Property

The value of property sold but not yet delivered will be your net selling price after all allowances and discounts.

c. Property of Others

The value of property of others in your care, custody or control will be the lowest agreed consigned value.

In the event of loss or damage, the value of property will be determined as of the time of loss or damage.

2. Pair or Sets

The **Pair, Sets or Parts** Loss Condition in the Commercial Inland Marine Conditions is replaced by the following:

In case of loss or damage of any items that are part of a pair or set, we:

- a. Will pay the full amount of that pair or set, if you so request. You will surrender to us the remaining items of the pair or set;
- b. May repair or replace any part to restore the pair or set to its value before the loss or damage; or
- c. May pay the difference between the value of the pair or set before and after the loss or damage.

- 3. The following conditions apply in addition to the Commercial Inland Marine Conditions and the Common Policy Conditions:

a. Coverage Territory

- (1) We cover property wherever located within:

- (a) The United States of America (including its territories and possessions);

- (b) Puerto Rico; and

- (c) Canada.

- (2) We also cover property being shipped by air within and between points in Paragraph (1).

b. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies.

We will not pay the full amount of any loss if the value of Covered Property, except property in transit, at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property, except property in transit, at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

c. Packing and Unpacking

You agree that Covered Property will be packed and unpacked by competent packers.

c. Records and Inventory

You will keep accurate records of your business and retain them for 3 years after the policy ends.

These records will consist of:

- (1) An itemized inventory of your stock in trade;

- (2) Records of all acquisitions by purchase or otherwise and sales whether cash or credit;
- (3) Records of property of others in your care, custody or control; and
- (4) Records of property you send to others for any purpose.

You will also take a physical inventory of all your stock in trade at least every 12 months.

d. Protective Safeguards

You must maintain the protective safeguards stated by you to be in effect at a location when this coverage began.

If you fail to keep the protective safeguards:

- (1) In working condition at a location; and
- (2) In operation when you are closed to business;

coverage for which the protective safeguards apply is automatically suspended at that location from the time the protective safeguards are inoperative. This suspension will last until equipment or services are back in operation.

F. Definitions

"Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.