

**Please Read This Entire Policy Carefully – This Is A Legal Contract**

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Additional endorsements may also apply. They are identified on the Declarations Page. Refer to the Definitions for words that have special meanings. These words are shown in “quotation marks.”

**AGREEMENT**

Subject to all the “terms” that apply, and in return for “your” payment of the required premium, “we” provide the coverages described in this policy during the policy period.

**DEFINITIONS**

1. “Business” means a trade, profession or occupation, whether full or part time, including the rental of property to others.
2. “Described premises” means the interior of that part of the building(s) which “you” occupy at the location(s) shown on the Declarations Page.
3. “External cause” means a cause of loss originating from outside an object. This does not include losses resulting from a fault or weakness that is inherent within the object which causes it to break, spoil, become defective or destroy itself, even if that fault or weakness was caused by someone else’s act or omission.
4. “Insured” means “you.”
5. “Terms” means the provisions, limitations, exclusions, conditions and definitions used in this policy.
6. “Theft” means the illegal taking or removal of property.
7. “We,” “us” and “our” mean the company providing this coverage.
8. “You” and “your” mean the persons or organizations (include principals and officers) named on the Declarations Page as Named Insured.

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## PROPERTY COVERED

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Subject to the limits of insurance shown on the Declarations Page:

"We" cover "your" inventory of stock for sale that consists of jewels, jewelry, precious and semiprecious stones, precious metals and alloys, and other inventory for sale that is usual to "your" "business."

"We" cover such property belonging to others that has been delivered or entrusted to "you." However, the property of others in the jewelry "business" is only insured for amounts "you" have paid on the property or for which "you" are legally responsible because of loss or damage.

"We" cover such property in the custody of "you," "your" employee, a commissioned salesperson, or a person "you" hire for a short time when traveling off the "described premises." "We" also cover such property when left for safekeeping with another jewelry dealer during travel.

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## PROPERTY NOT COVERED AND EXCLUSIONS

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"We" do not cover property:

1. That is sold on an installment plan once it leaves "your" custody.
2. On "business" premises that "you" own or use which are not "described premises."
3. At any exhibition promoted or financially assisted by any public authority or by any trade association away from the "described premises," unless endorsed to the policy.
4. That is being worn by "you" or others while away from the "described premises," except as provided in the **EXTENSIONS OF COVERAGE** section.
5. Displayed in a showcase or show window that is not on the "described premises," unless endorsed to the policy or on the premises of another jewelry dealer.
6. Displayed in a show window or outside showcase on the "described premises" while closed to business if the loss is caused by "theft" or attempted "theft" of covered property which results from the smashing or cutting of a show window unless a limit of insurance appears on the Declarations Page.
7. While being shipped, unless there is a limit of insurance on the Declarations Page and it is:
  - a. Shipped by the U.S. Postal Service as first-class registered mail or Express Mail;

- b. Shipped by armored car service; or
  - c. Shipped under receipt by a private, paid delivery service or other common or contract carrier. This does not include property checked as baggage.
8. When sent C.O.D., if the receiver has the right to inspect before accepting delivery.
  9. For "theft" from in or on a vehicle that is not attended, unless endorsed to the policy. An attended vehicle has a person actually in or on the vehicle. This person must be "you," "your" employee or a person whose sole duty is to attend the vehicle.

This exclusion does not apply while property is in the custody of a common or contract carrier or the United States Postal Service as first-class registered mail or Express Mail.

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## EXTENSIONS OF COVERAGE

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1. "We" cover damage directly caused by "theft" or attempted "theft," except by fire to the part of the building that "you" occupy, provided "you" own the building or are legally liable to the owner for this damage.

"We" do not cover damage to glass except for structural glass. "We" do not cover lettering or decoration that is on the glass.

2. "We" cover property being worn by "you" or "your" employees while away from the "described premises" up to a limit of \$25,000 per occurrence. A \$1,000 deductible will apply to this extension only. This extension is part of the off described premises coverage and does not increase the limit(s) provided under section 2.d. of the Declarations.

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## TERRITORY WHERE COVERAGE APPLIES

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Coverage applies only while the property covered is within or in transit between the United States of America, its territories and possessions, Canada, and Puerto Rico.

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## PERILS COVERED

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"We" provide coverage against risks of direct physical loss from "external cause" to property covered, except as excluded or limited.

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**PERILS NOT COVERED,  
EXCLUSIONS AND LIMITATIONS**

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"We" do not pay for loss if one or more of the following exclusions apply to the loss, regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded causes or events.

1. **Animals** – "We" do not cover loss caused by or resulting from animals, including birds, insects or vermin.
2. **Business Conditions** – "We" do not cover loss caused by or resulting from delay, loss of market, business interruption, obsolescence, or depreciation.
3. **Civil Authority** – "We" do not cover loss caused by order of any civil authority, including seizure, confiscation or destruction of property.

"We" will cover loss resulting from acts of destruction by the civil authority to prevent the spread of fire, unless the fire is caused by a peril excluded under this policy.

4. **Criminal, Fraudulent or Dishonest Act**

- a. "We" do not cover loss caused by or resulting from criminal, fraudulent or dishonest acts committed by:
  - 1) "You";
  - 2) Others who have an interest in the property covered;
  - 3) Others to whom "you" or anyone delivers or entrusts the property covered for any reason, including but not limited to giving possession of property to someone by reason of a fraudulent scheme, trick, device or false pretense by the person receiving the property except for temporary safekeeping during travel; or
  - 4) The employees or leased workers of a.1), 2) or 3) while working or otherwise.
- b. "We" do cover loss caused by or resulting from criminal, fraudulent or dishonest acts committed by:
  - 1) The United States Postal Service;
  - 2) An armored car service;
  - 3) A private, paid delivery service;
  - 4) Any other common or contract carrier; or
  - 5) Others, whom "you" hire or use as mere porters while off premises and who are not on "your" payroll.

5. **Deterioration** – "We" do not cover loss caused by or resulting from deterioration, including corrosion, decay, fungus, mildew, mold, rot, or rust.
6. **Disappearance** – "We" do not cover unexplained loss, shortage discovered on taking inventory, or shortage from a package received in good condition with unbroken seals.
7. **Earth Movement or Volcanic Eruption** – "We" do not cover loss caused by any earth movement (other than sinkhole collapse) or caused by eruption, explosion, or effusion of a volcano.

Earth movement includes, but is not limited to, earthquake; landslide; mudflow; mudslide; or sinking, rising or shifting of earth.

Sinkhole collapse means the sudden settlement or collapse of earth supporting the property covered into subterranean voids created by the action of water on a limestone or similar rock formation. It does not include the value of the land or the cost of filling sinkholes.

"We" will cover direct loss by fire, explosion or volcanic action resulting from either earth movement or eruption, explosion, or effusion of a volcano.

Volcanic actions means:

- a. Airborne volcanic blast or airborne shock waves;
- b. Ash, dust or particulate matter; or
- c. Lava flow.

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss to the property covered.

All volcanic eruptions that occur within a 72-hour period shall be considered a single loss.

8. **Glassware-Fragile Articles** – "We" do not cover breakage of fragile articles, except as a result of fire; lightning; windstorm; hail; smoke; explosion; aircraft, spacecraft, self-propelled missiles, and objects that fall from these items; vehicles, including an accident to a transporting vehicle; strikes; riots; civil commotion; vandalism; "theft," attempted "theft"; sprinkler leakage; or the collapse of a building(s).

9. **Internal Cause** – “We” do not cover loss caused by or resulting from a fault or weakness that is inherent within the property which causes it to break, spoil, become defective or destroy itself.
10. **Nuclear Hazard** – “We” do not cover loss caused by nuclear hazard. This means nuclear reaction, nuclear radiation or radioactive contamination, all whether controlled or uncontrolled. Loss caused by nuclear hazard is not considered loss caused by fire, explosion or smoke. This exclusion does not apply to direct loss by fire resulting from nuclear hazards.
11. **Ordinance or Law** – “We” do not cover loss or increased cost caused by enforcement of any code, ordinance or law regulating the use, construction, repair, or demolition of any building or structure.
12. **Packing** – “We” do not cover loss caused by or resulting from insufficient or defective packing.
13. **Temperature-Humidity** – “We” do not cover loss to personal property caused by or resulting from dampness, or changes in or extremes of temperature.
14. **Voluntary Parting** – “We” do not cover loss caused by or resulting from voluntary parting with title or possession of any property because of the acceptance of:
  - a. Counterfeit money or fraudulent money orders;
  - b. Checks or promissory notes which are not paid upon presentation; or
  - c. Credit cards that are illegally obtained and/or used.
15. **War** – “We” do not cover loss caused by war, including undeclared war; civil war; insurrection; rebellion; revolution; warlike act by a military force or military personnel; or destruction, seizure or use of property for a military purpose. “We” do not cover loss due to the consequence of any of these. Discharge of a nuclear weapon shall be deemed a warlike act even if accidental.
16. **Water Damage** – “We” do not cover loss caused by flood, surface water, waves, tidal water, overflow of a body of water or spray from any of these, whether wind driven or not.
 

“We” will cover the direct loss by fire, explosion or sprinkler leakage which may result.

“We” will cover the direct loss by water if the property covered is away from the “described premises.”
17. **Wear-Breakdown** – “We” do not cover loss caused by or resulting from wear and tear,

mechanical breakdown, centrifugal force, marring, or scratching.

18. **Work or Operations** – “We” do not cover loss or damage to property being worked on or as a result of being worked on. This includes repairing, adjusting, constructing, manufacturing, processing, servicing, or testing.

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#### WHAT MUST BE DONE IN CASE OF LOSS

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1. **Abandonment of Property** – “We” do not have to accept any abandonment of property.
2. **Cooperation** – “You” must cooperate with “us” in performing all acts that are required by this coverage and by providing or assisting in “our” obtaining all information necessary to determine if the claimed loss is covered and the amount of any loss.
3. **Damaged Property** – “You” must exhibit the damaged property as often as “we” reasonably request.
4. **Examination** – “You” must submit to an examination under oath in matters connected with the loss as often as “we” reasonably request and “you” must correct and sign the transcript. “You” must also assist “us” in obtaining the attendance of others for examination under oath. If more than one person is examined, “we” have the right to examine and receive statements separately and not in the presence of the others.
5. **Notice** – “You” must promptly notify “us” or “our” agent (in writing, if requested). “You” must notify the police if the loss is a result of a violation of a law.
6. **Proof of Loss** – “You” must send “us” a statement of loss (under oath, if requested) within 90 days after the loss. This must include the following information:
  - a. The time, place and circumstances of the loss.
  - b. Other policies of insurance that may cover the loss.
  - c. “Your” interest and the interest of all others in the property involved, including all mortgages and liens.
  - d. Changes in title of the property covered during the policy period.
  - e. Detailed estimates for repair or replacement of property covered.

- f. An inventory of lost, damaged and all remaining property covered. This must show in detail the quantity, description, cost and actual cash value of the property covered, and the amount of the loss.

Copies of all purchase invoices, sales receipts and related documents that substantiate the inventory must be attached.

7. **Protect Property** – “You” must take all reasonable steps to protect the property covered from further damage.
8. **Records** – “You” must produce all records that relate to value, loss, cost and warranties, and permit copies and abstracts to be made from them as often as “we” reasonably request.
9. **Right of Recovery** – “We” are not liable for a loss if “you” do anything after the loss occurs to impair “our” right to recover.
- If “we” make a payment under this coverage, “we” may require that “you” assign to “us” “your” right of recovery against any person for the loss to the extent of the payment for the loss. “You” must do everything necessary to make this assignment and cooperate in “our” attempts to recover.
10. **Volunteer Payments** – “You” must not, except at “your” own expense, voluntarily make any payments, assume any obligations, pay or offer any rewards, or incur any other expenses except as respects protecting property from further damage.

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## VALUATION OF LOSSES

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The valuation of losses shall be based upon the following provisions:

1. **Amount “We” Pay** – The smallest of the amounts shown below is the most that “we” will pay for a loss:
- a. “Your” original cost of the property covered. If “you” have valued this property higher or lower on “your” last written physical inventory, as reported on the application attached to this policy, “we” will use that amount.
- b. The cost to repair, replace or rebuild the property covered with material of like kind and quality.
- c. The unpaid part of an amount that “you” have loaned on pledged property. This includes the interest, at legal rates, earned as of the date of the loss.
- d. The limit of insurance that is shown.

This amount will not include antique, historic or sentimental value.

2. **Property While Being Shipped** – “We” will apply the limit of insurance on a per package basis for packages shipped to different addressees on the same day. “We” will apply the limit of insurance on a per loss basis for packages shipped to the same addressee on the same day.
3. **Losses Paid By Others** – “We” will not pay for the part of a loss that has been paid by someone else.
4. **Restoring the Limit of Insurance** – The payment of a claim will not reduce the limit of insurance. If “we” pay a loss for items that are separately listed, and the limit of insurance that applies to these items is reduced at “your” request, “we” will return the unearned premium for these items to “you.”
5. **Appraisal** – If “you” and “we” do not agree on the amount of the loss, either party may demand that the amount be determined by appraisal.

If either makes a written demand for appraisal, each will select a competent, independent appraiser and notify the other of the appraiser's identity within 20 days of receipt of the written demand. The two appraisers will then select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, “you” or “we” can ask a judge of a court of record in the state where the property is located to select an umpire.

The appraisers will then determine and state separately the amount of each loss.

If the appraisers submit a written report of any agreement to “us,” the amount agreed upon will be the amount of the loss. If the appraisers fail to agree within a reasonable time, they will submit only their differences to the umpire. Written agreement so itemized and signed by any two of these three, sets the amount of the loss.

Each appraiser will be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire will be paid equally by “you” and “us.”

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**LOSS PAYMENT**

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1. **Deductible** – “We” pay only that part of “your” loss over the deductible amount stated on the Declarations Page in any one occurrence. The deductible will not apply to a loss caused by fire or lightning.
2. **Insurable Interest** – “We” do not cover more than “your” insurable interest in any property.
3. **Insurance Under More Than One Coverage** – If more than one coverage of this policy insures the same loss, “we” pay no more than the actual claim, loss or damage sustained.
4. **Insurance Under More Than One Policy** –
  - a. “Your” property and property belonging to others in the jewelry business - If there is other collectible insurance that applies to a covered loss or would have applied in the absence of this coverage, whether it is “your” insurance or not, “we” will pay for the loss only after the full amount from the other insurance has been paid. “We” will pay only that portion of the loss that exceeds the amount of the other insurance.
  - b. Property belonging to others not in the jewelry business – If there is other collectible insurance that applies to a covered loss, “we” will pay for the loss before the other insurance.
5. **Loan Receipts** – When “we” believe that a loss can be recovered from others:
  - a. “We” may make an advance payment to “you” in the form of a loan.
  - b. At “our” expense, “we” will be allowed to bring suit in “your” name against those who are responsible for the loss.
  - c. The loan will be repaid from the amount recovered.
6. **“Our” Options** – “We” have the following options:
  - a. Pay the loss;
  - b. Rebuild, repair or replace with property of equivalent kind and quality, to the extent practicable, within a reasonable time; or
  - c. Take all or any part of the damaged property at the agreed or appraised value.

“We” must give “you” notice of “our” intent to rebuild, repair or replace within 30 days after receipt of a duly executed proof of loss.

7. **Property of Others** – Losses to property of others may be adjusted with “you.” “We”

reserve the right to adjust with and pay losses to the owners. Payment to the owners satisfies “our” obligation to “you” for loss to this property. It is “your” duty to defend any suits by owners of the property against “you.” “We” have the option but not the duty to defend such suits.

8. **“Your” Losses** – “We” will adjust all losses with “you.” Payment will be made to “you” unless another loss payee is shown on the Declarations Page. An insured loss will be payable 30 days after a satisfactory proof of loss is received, and the amount of the loss has been established either by written agreement with “you” or the filing of an appraisal award with “us.”

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**OTHER COVERAGE CONDITIONS**

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1. **Assignment** – This policy is void if it is assigned without “our” written consent.
2. **Benefit to Others** – Insurance under this policy shall not directly or indirectly benefit anyone having custody of “your” property covered.
3. **Burglar Alarm Systems and Other Premises Security Devices** – “You” must maintain all burglar alarm systems and other premises security devices described on the application attached to this policy. These described burglar alarm systems and other premises security devices must be in working order at all times, connected and in the on position when the “described premises” is closed and unoccupied. If these described burglar alarm systems and other premises security devices are not in working order, and “you” have knowledge that they are not in working order, “you” must follow the alarm guidelines endorsed to this policy.
4. **Cancellation** – “You” may cancel this policy by returning it to “us” or by giving “us” a written notice and stating at what future time coverage is to cease.

“We” may cancel this policy, or one or more of its parts, by giving “you” a written notice at least 10 days before the cancellation is to take effect. The notice will state the time the cancellation is to take effect. The notice will be sent to “your” mailing address last known to “us.”

“Your” return premium, if any, will be refunded to “you” with the cancellation notice or within a reasonable time. Payment or tender of the unearned premium is not a condition of cancellation.

5. **Change, Modification or Waiver of Policy Terms** – A change or waiver of “terms” of this policy must be issued by “us” in writing to be valid.
6. **Conformity With Statute** – “Terms” of this policy, in conflict with the statutes of the state where the “described premises” are located, are amended to conform to such statutes.
7. **Examination of Books and Records** – “We” may examine and audit “your” books and records that relate to this policy during the policy period and within three years after the policy has expired.
8. **Inspections** – “We” have the right, but are not obligated, to inspect “your” property and operations. This inspection may be made by “us” or may be made on “our” behalf. An inspection or its resulting advice or report does not warrant that “your” property or operations are safe; healthful; or in compliance with laws, rules or regulations. Inspections or reports are for “our” benefit only.
9. **Liberalization** – If “we” adopt a revision of forms during a policy period which broadens this policy without additional premium, the broadened coverage will automatically apply to this policy. This also applies if “we” adopt the revision within 60 days before this policy is effective.
10. **Loss Payable Provision** – If a loss payee is named in the policy, and is shown on the Declarations Page, loss to property covered shall be adjusted with “you” and shall be paid to “you” and to the loss payee as interests may appear. If more than one loss payee is named, they will be paid in order of precedence.
- “We” will not pay the loss payee if “your” insurance is void because of “your” acts, neglect, or failure to comply with the coverage “terms,” or if the loss payee is aware of changes in ownership or substantial increase in risk and does not notify “us.”
- “We” will notify any known loss payee if “we” cancel the policy.
11. **Misrepresentation, Concealment or Fraud** – This coverage is void if before or after a loss:
- Any “insured” has concealed or misrepresented:
    - A material fact or circumstance that relates to this insurance or the subject thereof; or
    - The “insured’s” interest herein.
  - There has been fraud or false swearing by any “insured” with regard to a matter that relates to this insurance or the subject thereof.
12. **Records** – “You” must keep the following records:
- A detailed and itemized inventory of “your” property covered, which includes the quantity, description and value of the inventory at cost or as valued for reporting under the application attached to this policy. This must be updated by taking a physical inventory at least once a year.
  - Purchase invoices, sales receipts and related documents; and
  - A detailed listing of property:
    - Belonging to others not in the jewelry business;
    - Belonging to others in the jewelry business;
    - Away from the “described premises,” in “your” custody or the custody of a principal, officer, employee or commissioned salesperson; and
    - “You” send to others.
- “You” must keep and produce these records for “us” in a manner that will allow “us” to accurately determine and verify the existence of the property covered and the amount of the loss.
13. **Recoveries** – If “we” pay “you” for the loss under this policy and lost or damaged property is recovered, or payment is made by those responsible for the loss, the following provisions apply:
- “You” must notify “us” promptly if “you” recover property or receive payment.
  - “We” must notify “you” promptly if “we” recover property or receive payment.
  - Any recovery expenses incurred by either are reimbursed first.
14. **Reporting Terms Only** – This coverage may be subject to reporting terms. If it is cancelled, “you” must report the required amounts as of the cancellation date.
15. **Suit Against “Us”** – No suit to recover any loss may be brought against “us” unless:
- The “terms” of this policy have been fully complied with; and
  - The suit is commenced within one year after the loss.