

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

## **PREMIUM BASE ENDORSEMENT**

One or more of the following symbols may be entered under the Premium Base column of the Declarations. These symbols designate the base used for determining your premium. The following is a definition of these symbols when used as a premium base.

### Symbol Definition

**"Area" means:** The total number of square feet of floor space at the insured premises, computed as follows:

For entire buildings, by multiplying the product of the horizontal dimensions of the outside of the outer building walls by the number of floors, including basements but do not use the area of the following:

1. Courts and mezzanine types of floor openings.
2. Portions of basements or floors where 50% or more of the area is used for shop or storage for building maintenance, dwelling by building maintenance employees, heating units, power plants or air-conditioning equipment.
3. For tenants, determine the area they occupy in the same manner as for the entire buildings.

The rates apply per 1,000 square feet of area.

**"Total Cost" means:**

The total cost of all work let or sublet in connection with each specific project including:

1. The cost of all labor, materials and equipment furnished, used or delivered for use in the execution of the work.
2. All fees, bonuses or commissions made, paid or due.

The rates apply per \$1,000 of total cost.

**"Admissions" means:**

The total number of persons, other than employees or the named insured, admitted to the event insured or to events conducted on the premises whether on paid admissions, tickets, complimentary tickets or passes.

The rates apply per admission.

**"Payroll" means:**

1. Remuneration which includes money or substitutes for money.
2. Payroll includes:
  - a. Commissions, bonuses, pay for holidays, vacations or periods of illness;
  - b. Extra pay for overtime.
  - c. Payments by an employer or amounts otherwise required by law to be paid by employees to statutory insurance or pension plans, such as Federal Social Security Act;

- d. Payment to employees on any basis other than time worked, such as piece work, profit sharing or incentive plans;
  - e. Payment or allowance for hand tools or power tools used by hand provided by employees and used in their work or operations for the insured;
  - f. The rental value of an apartment or a house provided for an employee based on comparable accommodations;
  - g. Value of meals and lodging other than an apartment or house received by employees as part of their pay;
  - h. The value of store certificates, merchandise, credits or any other substitute for money received by employees as part of their pay;
  - i. The payroll of mobile equipment operators and their helpers, whether or not the operators are designated or licensed to operate automobiles. If the operators and their helpers are provided to the insured along with equipment hired under contract and their actual payroll is not known, use 1/3 of the total amount paid out by the insured for the hire of the equipment;
  - j. The payroll of executive officers and individual insureds and co-partners;
  - k. Fees paid to employment agencies for temporary personnel provided to the insured;
3. Payroll does not include:
- a. Tips and other gratuities received by employees;
  - b. Payments by an employer to group insurance or group pension plans for employees in accordance with the manuals in use by us;
  - c. The value of special rewards for individual invention or discovery;
  - d. Dismissal or severance payments except for time worked or accrued vacation;

The rates apply per \$1,000 of payroll.

**"Gross Sales" or "Receipts" means:**

1. The gross amount charged by the named insured, concessionaires of the named insured or by others trading under the insured's name for:
  - a. All goods or products, sold or distributed;
  - b. Operations performed during the policy period;
  - c. Rentals; and
  - d. Dues or fees.

2. Inclusions

The following items shall not be deducted from gross sales:

- a. Foreign exchange discounts;
- b. Freight allowance to customers;
- c. Total sales of consigned goods and warehouse receipts;
- d. Trade or cash discounts;
- e. Bad debts; and
- f. Repossession of items sold on installments (amount actually collected.)

3. Exclusions

The following items shall be deducted from gross sales:

- a. Sales or excise taxes which are collected and submitted to a governmental division;
- b. Credits for repossessed merchandise and products returned.
- c. Allowances for damaged and spoiled goods;
- d. Finance charges for items sold on installments;
- e. Freight charges on sales if freight is charged as a separate item on customers invoice; and
- f. Royalty income from patent rights or copyrights which are not product sales.

The rates apply per \$1,000 of gross sales.

**"Each" means:**

The basis of premium involves units of exposure, and the quantity comprising each unit of exposure is indicated in the Declarations such as "per acre."

The rates apply per unit of exposure.

**"Unit" means:**

A single room or group of rooms intended for occupancy as separate living quarters by a family, by a group of unrelated persons living together, or by a person living alone.

The rates apply per each unit.

**ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.**