# HDI GLOBAL INSURANCE COMPANY

AN ILLINOIS CORPORATION
161 NORTH CLARK STREET, 48th Floor
CHICAGO, IL 60601
312-580-1900

# COMMERCIAL INSURANCE POLICY

# FOR

**THE VILLAGE GREEN AT THE VALLEY**

**Policy # HDI55CL0450309-18**
**Policy Period 06/05/2025 – 06/05/2026**

**Underwriting Team: Hallmark Commercial Insurance Services**

**Agency Team: SUN VALLEY INSURANCE INC #01163**

## Loss Notification

**To report a claim 24 hours a day, 7 days a week, please contact us as soon as practicable for further assistance:**

| | |
|---|---|
| **Normal Business Hours:** | **800-426-5119 ext. 1780** |
| **After Normal Business Hours:** | **817-888-5664 for Casualty (Auto and GL)** |
| | **817-888-1955 for Property** |

**POLICY JACKET, DECLARATIONS PAGE, FORMS AND ENDORSEMENTS COMPLETE THIS POLICY**

In Witness Whereof, we have caused this policy to be executed and attested, and if required by state law, this policy shall not be valid unless countersigned by our authorized representative.

Chief Legal Officer & Corporate Secretary
Michael Gooding

CEO & President
James Clark

# HDI GLOBAL INSURANCE COMPANY

A Stock Insurance Company
161 North Clark St., CHICAGO, IL 60601

## COMMON POLICY DECLARATIONS

RENEWAL DECLARATION

**POLICY NO:** HDI55CL0450309-18/000

RENEWAL OF: HLM51CL0450309-17

**NAMED INSURED AND MAILING ADDRESS**

THE VILLAGE GREEN AT THE VALLEY
CLUB HOA
PO BOX 2607
SUN VALLEY, ID 83353

**AGENCY AND MAILING ADDRESS** 1163

SUN VALLEY INSURANCE INC
PO BOX 5808
KETCHUM, ID 83340

**POLICY PERIOD**: FROM 06/05/2025 TO 06/05/2026 AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE.

**THE NAMED INSURED IS:** Limited Liability Company (LLC)

**BUSINESS DESCRIPTION:** HOMEOWNERS ASSOCIATION

**AUDIT FREQUENCY:** Annual

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

**THIS POLICY CONSISTS OF THE COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED.**

| | | PREMIUM |
|---|---|---|
| COMMERCIAL PROPERTY | $ | 15,530 |
| COMMERCIAL GENERAL LIABILITY | $ | 2,101 |
| COMMERCIAL CRIME AND FIDELITY | $ | 252 |
| COMMERCIAL INLAND MARINE | $ | Not Covered |
| COMMERCIAL AUTO | $ | 446 |
| TOTAL PREMIUM | $ | 18,329 |
| COMMERCIAL UMBRELLA | $ | 515 |
| POLICY PREMIUM | $ | 18,844.00 |

**FORMS AND ENDORSEMENTS APPLICABLE TO ALL COVERAGE PARTS**
See Forms Schedule

**THESE DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND ENDORSEMENTS, AND SUPPLEMENTAL FORM DECLARATION(S), IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.**

# HDI GLOBAL INSURANCE COMPANY

A Stock Insurance Company
161 North Clark St., CHICAGO, IL 60601

## COMMERCIAL PROPERTY

RENEWAL DECLARATION

**POLICY NO:** HDI55CL0450309-18/000

RENEWAL OF: HLM51CL0450309-17

**NAMED INSURED AND MAILING ADDRESS**

THE VILLAGE GREEN AT THE VALLEY
CLUB HOA
PO BOX 2607
SUN VALLEY, ID 83353

**AGENCY AND MAILING ADDRESS** 1163

SUN VALLEY INSURANCE INC
PO BOX 5808
KETCHUM, ID 83340

**POLICY PERIOD:** FROM 06/05/2025 TO 06/05/2026 AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE.

**THE NAMED INSURED IS** :Limited Liability Company (LLC)

**BUSINESS DESCRIPTION** :HOMEOWNERS ASSOCIATION

**LOCATION:** 1 **BUILDING:** 1

PROPERTY AT YOUR PREMISES
ADDRESS: LOTS 1-43 STREAMSIDE DRIVE, HAILEY, ID 83333
BUILDING DESCRIPTION: PUMP & PUMPHOUSE
PROTECTION CLASS: 4 CONSTRUCTION: FRAME

COVERAGES PROVIDED
INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

| COVERAGE | CAUSE OF LOSS | DED | COINSURANCE | AMOUNT OF INSURANCE |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Special Class Coverage | Special Including Theft | $1,000 | 90% | See Blanket Summary |

Water Or Sewage Lift Pumps, Enclosed Or Open: Wood Or Part Wood
Inflation Guard: 4%
Replacement Cost

**OPTIONAL COVERAGES**

| | | |
|---|---|---|
| Equipment Breakdown | View Form | CF 10 50 |

# HDI GLOBAL INSURANCE COMPANY

A Stock Insurance Company
161 North Clark St., CHICAGO, IL 60601

## COMMERCIAL PROPERTY

RENEWAL DECLARATION

**POLICY NO:** HDI55CL0450309-18/000
**INSURED:** THE VILLAGE GREEN AT THE VALLEY

**EFFECTIVE DATE:** 06/05/2025
**AGENT:** SUN VALLEY INSURANCE INC

**LOCATION:** 1 **BUILDING:** 2

PROPERTY AT YOUR PREMISES
ADDRESS: LOTS 1-43 STREAMSIDE DRIVE, HAILEY, ID 83333
BUILDING DESCRIPTION: BUILDING & PUMP
PROTECTION CLASS: 4 CONSTRUCTION: FRAME

COVERAGES PROVIDED
INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

| COVERAGE | CAUSE OF LOSS | DED | COINSURANCE | AMOUNT OF INSURANCE |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Special Class Coverage | Special Including Theft | $1,000 | 90% | See Blanket Summary |

Water Or Sewage Lift Pumps, Enclosed Or Open: Wood Or Part Wood
Inflation Guard: 4%
Replacement Cost

**OPTIONAL COVERAGES**

| | | |
|---|---|---|
| Equipment Breakdown | View Form | CF 10 50 |

**LOCATION:** 1 **BUILDING:** 3

PROPERTY AT YOUR PREMISES
ADDRESS: LOTS 1-43 STREAMSIDE DRIVE, HAILEY, ID 83333
BUILDING DESCRIPTION: PUMP WITH SHED
PROTECTION CLASS: 4 CONSTRUCTION: FRAME

COVERAGES PROVIDED
INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

| COVERAGE | CAUSE OF LOSS | DED | COINSURANCE | AMOUNT OF INSURANCE |
|---|---|---|---|---|
| | | | | |
| | | | | |

# HDI GLOBAL INSURANCE COMPANY

A Stock Insurance Company
161 North Clark St., CHICAGO, IL 60601

## COMMERCIAL PROPERTY

RENEWAL DECLARATION

**POLICY NO:** HDI55CL0450309-18/000
**INSURED:** THE VILLAGE GREEN AT THE VALLEY

**EFFECTIVE DATE:** 06/05/2025
**AGENT:** SUN VALLEY INSURANCE INC

COVERAGES PROVIDED
INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

| COVERAGE | CAUSE OF LOSS | DED | COINSURANCE | AMOUNT OF INSURANCE |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |
| Special Class Coverage | Special Including Theft | $1,000 | 90% | See Blanket Summary |

Water Or Sewage Lift Pumps, Enclosed Or Open: Wood Or Part Wood
Inflation Guard: 4%
Replacement Cost

| OPTIONAL COVERAGES | | |
|---|---|---|
| Equipment Breakdown | View Form | CF 10 50 |

**LOCATION:** 1 **BUILDING:** 4

PROPERTY AT YOUR PREMISES
ADDRESS: LOTS 1-43 STREAMSIDE DRIVE, HAILEY, ID 83333
BUILDING DESCRIPTION: 2 CONCRETE TANKS & WATER WALL
PROTECTION CLASS: 4 CONSTRUCTION: FRAME

COVERAGES PROVIDED
INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

| COVERAGE | CAUSE OF LOSS | DED | COINSURANCE | AMOUNT OF INSURANCE |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Special Class Coverage | Special Including Theft | $1,000 | 90% | See Blanket Summary |

# HDI GLOBAL INSURANCE COMPANY

A Stock Insurance Company
161 North Clark St., CHICAGO, IL 60601

## COMMERCIAL PROPERTY

RENEWAL DECLARATION

**POLICY NO:** HDI55CL0450309-18/000
**INSURED:** THE VILLAGE GREEN AT THE VALLEY

**EFFECTIVE DATE:** 06/05/2025
**AGENT:** SUN VALLEY INSURANCE INC

COVERAGES PROVIDED
INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

| COVERAGE | CAUSE OF LOSS | DED | COINSURANCE | AMOUNT OF INSURANCE |
|---|---|---|---|---|
| Tanks, Bins And Silos, Used For The Storage Of Non-Combustible Liquids Such As Water, Non-Combustible Gases Such As Nitrogen, Oxygen, Or Co, And Non-Combustible Solids Such As Sand Or Gravel: Tanks Above Ground: Masonry Tanks On The Ground, Or Masonry Tanks With Masonry Supports | | | | |
| Inflation Guard: 4% | | | | |
| Replacement Cost | | | | |

| **OPTIONAL COVERAGES** | | |
|---|---|---|
| Equipment Breakdown | View Form | CF 10 50 |

**LOCATION:** 2 **BUILDING:** 1

PROPERTY AT YOUR PREMISES
ADDRESS: 101 & 103 AGAVE PLACE, HAILEY, ID 83333
BUILDING DESCRIPTION: CONDOMINIUM
PROTECTION CLASS: 4 CONSTRUCTION: FRAME

COVERAGES PROVIDED
INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

| COVERAGE | CAUSE OF LOSS | DED | COINSURANCE | AMOUNT OF INSURANCE |
|---|---|---|---|---|
| Building | Special Including Theft | $1,000 | 90% | See Blanket Summary |
| | | | | |
| Inflation Guard: 4% | | | | |
| Replacement Cost | | | | |

# HDI GLOBAL INSURANCE COMPANY

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## COMMERCIAL PROPERTY

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**POLICY NO:** HDI55CL0450309-18/000
**INSURED:** THE VILLAGE GREEN AT THE VALLEY

**EFFECTIVE DATE:** 06/05/2025
**AGENT:** SUN VALLEY INSURANCE INC

| OPTIONAL COVERAGES | | |
|---|---|---|
| Equipment Breakdown | View Form | CF 10 50 |

**LOCATION:** 3 **BUILDING:** 1

PROPERTY AT YOUR PREMISES
ADDRESS: 105 & 107 AGAVE PLACE, HAILEY, ID 83333
BUILDING DESCRIPTION: CONDOMINIUM UNIT
PROTECTION CLASS: 4 CONSTRUCTION: FRAME

COVERAGES PROVIDED
INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

| COVERAGE | CAUSE OF LOSS | DED | COINSURANCE | AMOUNT OF INSURANCE |
|---|---|---|---|---|
| Building | Special Including Theft | $1,000 | 90% | See Blanket Summary |

Inflation Guard: 4%
Replacement Cost

| OPTIONAL COVERAGES | | |
|---|---|---|
| Equipment Breakdown | View Form | CF 10 50 |

**LOCATION:** 4 **BUILDING:** 1

PROPERTY AT YOUR PREMISES
ADDRESS: 109 & 111 AGAVE PLACE, HAILEY, ID 83333
BUILDING DESCRIPTION: CONDOMINIUM UNIT
PROTECTION CLASS: 4 CONSTRUCTION: FRAME

COVERAGES PROVIDED
INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

| COVERAGE | CAUSE OF LOSS | DED | COINSURANCE | AMOUNT OF INSURANCE |
|---|---|---|---|---|
| Building | Special Including Theft | $1,000 | 90% | See Blanket Summary |

# HDI GLOBAL INSURANCE COMPANY

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## COMMERCIAL PROPERTY

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**EFFECTIVE DATE:** 06/05/2025
**AGENT:** SUN VALLEY INSURANCE INC

COVERAGES PROVIDED
INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

| COVERAGE | CAUSE OF LOSS | DED | COINSURANCE | AMOUNT OF INSURANCE |
|---|---|---|---|---|
| | | | | |
| Inflation Guard: 4% | | | | |
| Replacement Cost | | | | |

| OPTIONAL COVERAGES | | |
|---|---|---|
| Equipment Breakdown | View Form | CF 10 50 |

**LOCATION:** 5 **BUILDING:** 1

PROPERTY AT YOUR PREMISES
ADDRESS: 113 & 115 AGAVE PLACE, HAILEY, ID 83333
BUILDING DESCRIPTION: CONDOMINIUM UNIT
PROTECTION CLASS: 4 CONSTRUCTION: FRAME

COVERAGES PROVIDED
INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

| COVERAGE | CAUSE OF LOSS | DED | COINSURANCE | AMOUNT OF INSURANCE |
|---|---|---|---|---|
| Building | Special Including Theft | $1,000 | 90% | See Blanket Summary |
| | | | | |
| Inflation Guard: 4% | | | | |
| Replacement Cost | | | | |

| OPTIONAL COVERAGES | | |
|---|---|---|
| Equipment Breakdown | View Form | CF 10 50 |

# HDI GLOBAL INSURANCE COMPANY

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## COMMERCIAL PROPERTY

RENEWAL DECLARATION

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**EFFECTIVE DATE:** 06/05/2025
**AGENT:** SUN VALLEY INSURANCE INC

**LOCATION:** 6 **BUILDING:** 1

PROPERTY AT YOUR PREMISES
ADDRESS: 117 & 119 AGAVE PLACE, HAILEY, ID 83333
BUILDING DESCRIPTION: CONDOMINIUM UNIT
PROTECTION CLASS: 4 CONSTRUCTION: FRAME

COVERAGES PROVIDED
INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

| COVERAGE | CAUSE OF LOSS | DED | COINSURANCE | AMOUNT OF INSURANCE |
|---|---|---|---|---|
| Building | Special Including Theft | $1,000 | 90% | See Blanket Summary |

Inflation Guard: 4%
Replacement Cost

**OPTIONAL COVERAGES**

| | | |
|---|---|---|
| Equipment Breakdown | View Form | CF 10 50 |

**LOCATION:** 7 **BUILDING:** 1

PROPERTY AT YOUR PREMISES
ADDRESS: 121 & 123 AGAVE PLACE, HAILEY, ID 83333
BUILDING DESCRIPTION: CONDOMINIUM UNIT
PROTECTION CLASS: 4 CONSTRUCTION: FRAME

COVERAGES PROVIDED
INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

| COVERAGE | CAUSE OF LOSS | DED | COINSURANCE | AMOUNT OF INSURANCE |
|---|---|---|---|---|
| Building | Special Including Theft | $1,000 | 90% | See Blanket Summary |

Inflation Guard: 4%

# HDI GLOBAL INSURANCE COMPANY

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## COMMERCIAL PROPERTY

RENEWAL DECLARATION

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**INSURED:** THE VILLAGE GREEN AT THE VALLEY

**EFFECTIVE DATE:** 06/05/2025
**AGENT:** SUN VALLEY INSURANCE INC

COVERAGES PROVIDED
INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

| COVERAGE | CAUSE OF LOSS | DED | COINSURANCE | AMOUNT OF INSURANCE |
|---|---|---|---|---|
| Replacement Cost | | | | |

| OPTIONAL COVERAGES | | |
|---|---|---|
| Equipment Breakdown | View Form | CF 10 50 |

**LOCATION:** 8 **BUILDING:** 1

PROPERTY AT YOUR PREMISES
ADDRESS: CARPORT 1-6 AGAVE PLACE, HAILEY, ID 83333
BUILDING DESCRIPTION: CARPORT 1 - 6
PROTECTION CLASS: 4 CONSTRUCTION: FRAME

COVERAGES PROVIDED
INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

| COVERAGE | CAUSE OF LOSS | DED | COINSURANCE | AMOUNT OF INSURANCE |
|---|---|---|---|---|
| Building | Special Including Theft | $1,000 | 90% | See Blanket Summary |
| Inflation Guard: 4% | | | | |
| Replacement Cost | | | | |

| OPTIONAL COVERAGES | | |
|---|---|---|
| Equipment Breakdown | View Form | CF 10 50 |

**LOCATION:** 9 **BUILDING:** 1

# HDI GLOBAL INSURANCE COMPANY

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## COMMERCIAL PROPERTY

RENEWAL DECLARATION

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**INSURED:** THE VILLAGE GREEN AT THE VALLEY

**EFFECTIVE DATE:** 06/05/2025
**AGENT:** SUN VALLEY INSURANCE INC

PROPERTY AT YOUR PREMISES
ADDRESS: CARPORT 6 - 12 AGAVE PLACE, HAILEY, ID 83333
BUILDING DESCRIPTION: CARPORT 6 - 12
PROTECTION CLASS: 4 CONSTRUCTION: FRAME

COVERAGES PROVIDED
INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

| COVERAGE | CAUSE OF LOSS | DED | COINSURANCE | AMOUNT OF INSURANCE |
|---|---|---|---|---|
| Building | Special Including Theft | $1,000 | 90% | See Blanket Summary |

Inflation Guard: 4%
Replacement Cost

**OPTIONAL COVERAGES**

| | | |
|---|---|---|
| Equipment Breakdown | View Form | CF 10 50 |

**LOCATION:** 10 **BUILDING:** 1

PROPERTY AT YOUR PREMISES
ADDRESS: AGAVE PLACE, HAILEY, ID 83333
BUILDING DESCRIPTION: BUILDING & PUMP
PROTECTION CLASS: 4 CONSTRUCTION: FRAME

COVERAGES PROVIDED
INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

| COVERAGE | CAUSE OF LOSS | DED | COINSURANCE | AMOUNT OF INSURANCE |
|---|---|---|---|---|

# HDI GLOBAL INSURANCE COMPANY

A Stock Insurance Company
161 North Clark St., CHICAGO, IL 60601

## COMMERCIAL PROPERTY

RENEWAL DECLARATION

**POLICY NO:** HDI55CL0450309-18/000
**INSURED:** THE VILLAGE GREEN AT THE VALLEY

**EFFECTIVE DATE:** 06/05/2025
**AGENT:** SUN VALLEY INSURANCE INC

COVERAGES PROVIDED
INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

| COVERAGE | CAUSE OF LOSS | DED | COINSURANCE | AMOUNT OF INSURANCE |
|---|---|---|---|---|
| Special Class Coverage | Special Including Theft | $1,000 | 90% | See Blanket Summary |
| Water Or Sewage Lift Pumps, Enclosed Or Open: Wood Or Part Wood<br>Inflation Guard: 4%<br>Replacement Cost | | | | |

| OPTIONAL COVERAGES | | |
|---|---|---|
| Equipment Breakdown | View Form | CF 10 50 |

| BLANKET SUMMARY - | | Average Rates | | | |
|---|---|---|---|---|---|
| BLANKET ID: | 1 | LIMIT: | $5,274,900 | CAUSE OF LOSS: | Special Including Theft |
| LOCATION# | BUILDING# | COVERAGE | | COINSURANCE: | 90% |
| 2 | 1 | Building | | | |
| 3 | 1 | Building | | | |
| 4 | 1 | Building | | | |
| 5 | 1 | Building | | | |
| 6 | 1 | Building | | | |
| 7 | 1 | Building | | | |
| 8 | 1 | Building | | | |
| 9 | 1 | Building | | | |

| BLANKET SUMMARY - | | Average Rates | | | |
|---|---|---|---|---|---|
| BLANKET ID: | 2 | LIMIT: | $527,292 | CAUSE OF LOSS: | Special Including Theft |
| LOCATION# | BUILDING# | COVERAGE | | COINSURANCE: | 90% |
| 1 | 1 | Special Class | | | |
| 1 | 2 | Special Class | | | |

# HDI GLOBAL INSURANCE COMPANY

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## COMMERCIAL PROPERTY

RENEWAL DECLARATION

**POLICY NO:** HDI55CL0450309-18/000
**INSURED:** THE VILLAGE GREEN AT THE VALLEY

**EFFECTIVE DATE:** 06/05/2025
**AGENT:** SUN VALLEY INSURANCE INC

| BLANKET SUMMARY - | | Average Rates |
|---|---|---|
| 1 | 3 | Special Class |
| 1 | 4 | Special Class |
| 10 | 1 | Special Class |

| MISCELLANEOUS COVERAGE - POLICY | | |
|---|---|---|
| COVERAGE | FORM | PREMIUM |
| PROPERTY ENHANCEMENT ENDORSEMENT | MP 95 34 | $450 |

TERRORISM RISK INSURANCE ACT CHARGE IS $452

| TOTAL COMMERCIAL PROPERTY PREMIUM | $15,530 |
|---|---|

**FORMS AND ENDORSEMENTS**
**APPLYING TO COMMERCIAL PROPERTY AND MADE PART OF THIS POLICY AT TIME OF ISSUE:**
See Forms Schedule
**NOTE: IF NO ENTRY APPEARS ON THE ABOVE ENDORSEMENTS, INFORMATION REQUIRED TO COMPLETE THE FORM WILL BE SHOWN ON THE SUPPLEMENTAL FORM DECLARATION IMMEDIATELY FOLLOWING THE APPLICABLE ENDORSEMENT.**

**THESE DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND ENDORSEMENTS, AND SUPPLEMENTAL FORM DECLARATION(S), IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY**

# HDI GLOBAL INSURANCE COMPANY

A Stock Insurance Company
161 North Clark St., CHICAGO, IL 60601

## GENERAL LIABILITY

RENEWAL DECLARATION

**POLICY NO:** HDI55CL0450309-18/000

RENEWAL OF: HLM51CL0450309-17

**NAMED INSURED AND MAILING ADDRESS**

THE VILLAGE GREEN AT THE VALLEY
CLUB HOA
PO BOX 2607
SUN VALLEY, ID 83353

**AGENCY AND MAILING ADDRESS** 1163

SUN VALLEY INSURANCE INC
PO BOX 5808
KETCHUM, ID 83340

**POLICY PERIOD**: FROM 06/05/2025 TO 06/05/2026 AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE.

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

**COMMERCIAL GENERAL LIABILITY COVERAGE**

| LIMITS OF INSURANCE | | |
|---|---|---|
| GENERAL AGGREGATE | $2,000,000 | |
| PRODUCTS – COMPLETED OPERATIONS AGGREGATE | INCLUDED | |
| PERSONAL INJURY & ADVERTISING INJURY | $1,000,000 | |
| EACH OCCURRENCE | $1,000,000 | |
| DAMAGE TO PREMISES RENTED TO YOU | $100,000 | ANY ONE PREMISES |
| MEDICAL EXPENSE | $5,000 | ANY ONE PERSON |

**MISCELLANEOUS COVERAGE – POLICY**

| COVERAGE | PREMIUM |
|---|---|
| Condominium Directors and Officers Liability Coverage | $613 |

**LOCATION OF ALL PREMISES YOU OWN, RENT OR OCCUPY:**

1 LOTS 1-43 STREAMSIDE DRIVE, Hailey, ID 83333
2 101 - 123 AGAVE PLACE, Hailey, ID 83333

**DESCRIPTION OF BUSINESS**

FORM OF BUSINESS:

☐ INDIVIDUAL ☐ PARTNERSHIP ☐ JOINT VENTURE ☐ TRUST

# HDI GLOBAL INSURANCE COMPANY

A Stock Insurance Company
161 North Clark St., CHICAGO, IL 60601

## GENERAL LIABILITY

RENEWAL DECLARATION

**POLICY NO:** HDI55CL0450309-18/000
**INSURED:** THE VILLAGE GREEN AT THE VALLEY

**EFFECTIVE DATE:** 06/05/2025
**AGENT:** SUN VALLEY INSURANCE INC

**DESCRIPTION OF BUSINESS**

☑ LIMITED LIABILITY COMPANY

☐ ORGANIZATION, INCLUDING A CORPORATION (BUT NOT INCLUDING A PARTNERSHIP, JOINT VENTURE OR LIMITED LIABILITY COMPANY)

☐ OTHER

BUSINESS DESCRIPTION: HOMEOWNERS ASSOCIATION

| LOC | CLASSIFICATION | CODE | PREMIUM BASIS | EXPOSURE | PMS RATE | PDTS RATE | OTHER RATE |
|---|---|---|---|---|---|---|---|
| 1 | Townhouse Associations (association risk only) Products-completed operations are subject to the General Aggregate Limit | 68500 | Number of Units | 55 | 10.364 | 0 | |
| 2 | Buildings or Premises - bank or office - mercantile or manufacturing (Lessor's risk only) (For-Profit) Products-completed operations are subject to the General Aggregate Limit | 61212 | Square Feet | 20,000 | 22.571 | 0 | |

TERRORISM RISK INSURANCE ACT CHARGE IS $49

EMPLOYMENT PRACTICES LIABILITY INSURANCE COVERAGE PART
CLAIMS FIRST MADE AND REPORTED $271

CYBER LIABILITY AND DATA BREACH RESPONSE COVERAGE ENDORSEMENT (CYB 008) $147

| TOTAL GENERAL LIABILITY PREMIUM | $2,101 |
|---|---|

**FORMS AND ENDORSEMENTS**
**APPLYING TO THIS COVERAGE PART AND MADE PART OF THIS POLICY AT TIME OF ISSUE:**

# HDI GLOBAL INSURANCE COMPANY

A Stock Insurance Company
161 North Clark St., CHICAGO, IL 60601

## GENERAL LIABILITY

RENEWAL DECLARATION

| | |
|---|---|
| **POLICY NO:** HDI55CL0450309-18/000 | **EFFECTIVE DATE:** 06/05/2025 |
| **INSURED:** THE VILLAGE GREEN AT THE VALLEY | **AGENT:** SUN VALLEY INSURANCE INC |

**FORMS AND ENDORSEMENTS**
**APPLYING TO THIS COVERAGE PART AND MADE PART OF THIS POLICY AT TIME OF ISSUE:**

See Forms Schedule

**NOTE: IF NO ENTRY APPEARS ON THE ABOVE ENDORSEMENTS, INFORMATION REQUIRED TO COMPLETE THE FORM WILL BE SHOWN ON THE SUPPLEMENTAL FORM DECLARATION IMMEDIATELY FOLLOWING THE APPLICABLE ENDORSEMENT.**

**THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND ENDORSEMENTS, AND SUPPLEMENTAL FORM DECLARATIONS), IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.**

# HDI GLOBAL INSURANCE COMPANY

A Stock Insurance Company
161 North Clark St., CHICAGO, IL 60601

## COMMERCIAL CRIME AND FIDELITY

RENEWAL DECLARATION

**POLICY NO:** HDI55CL0450309-18/000

RENEWAL OF: HLM51CL0450309-17

**NAMED INSURED AND MAILING ADDRESS**

THE VILLAGE GREEN AT THE VALLEY
CLUB HOA
PO BOX 2607
SUN VALLEY, ID 83353

**AGENCY AND MAILING ADDRESS** 1163

SUN VALLEY INSURANCE INC
PO BOX 5808
KETCHUM, ID 83340

**POLICY PERIOD:** FROM 06/05/2025 TO 06/05/2026 AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE.

**INSURING AGREEMENTS**

| INSURING AGREEMENT | LIMIT OF INSURANCE Per Occurrence | DEDUCTIBLE Per Occurrence |
|---|---|---|
| Employee Theft (Blanket) | $150,000 | $1,000 |

| | | |
|---|---|---|
| TOTAL CRIME AND FIDELITY PREMIUM | $ | 252 |

**FORMS AND ENDORSEMENTS**
**APPLYING TO THIS COVERAGE PART AND MADE PART OF THIS POLICY AT TIME OF ISSUE:**
See Forms Schedule
**NOTE: IF NO ENTRY APPEARS ON THE ABOVE ENDORSEMENTS, INFORMATION REQUIRED TO COMPLETE THE FORM WILL BE SHOWN ON THE SUPPLEMENTAL FORM DECLARATION IMMEDIATELY FOLLOWING THE APPLICABLE ENDORSEMENT.**

**CANCELLATION OF PRIOR INSURANCE**
By acceptance of this policy you give us notice cancelling prior policy or bond No(s).
The cancellation to be effective at the time this policy becomes effective.

**THESE DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND ENDORSEMENTS, AND SUPPLEMENTAL FORM DECLARATION(S), IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY**

# HDI GLOBAL INSURANCE COMPANY

A Stock Insurance Company
161 North Clark St., CHICAGO, IL 60601

## COMMERCIAL AUTOMOBILE POLICY

RENEWAL DECLARATION

**POLICY NO:** HDI55CL0450309-18/000

RENEWAL OF: HLM51CL0450309-17

**NAMED INSURED AND MAILING ADDRESS**

THE VILLAGE GREEN AT THE VALLEY
CLUB HOA
PO BOX 2607
SUN VALLEY, ID 83353

**AGENCY AND MAILING ADDRESS** 1163

SUN VALLEY INSURANCE INC
PO BOX 5808
KETCHUM, ID 83340

**POLICY PERIOD:** FROM 06/05/2025 TO 06/05/2026 AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE

**ITEM ONE**

**THE NAMED INSURED IS:** Limited Liability Company (LLC)

**BUSINESS DESCRIPTION:** HOMEOWNERS ASSOCIATION

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

**ITEM TWO – SCHEDULE OF COVERAGES AND COVERED AUTOS**

This policy provides only those coverages where a charge is shown in the premium column below. Each of these coverages will apply only to those "autos" shown as covered "autos". **"Autos" are shown as covered "autos" for a particular coverage by the entry of one or more of the symbols from the Covered Autos Section of the Business Auto Coverage Form next to the name of the coverage.**

| COVERED AUTOS SYMBOLS | COVERAGES | LIMITS | PREMIUM |
|---|---|---|---|
| 8, 9 | Liability | See Item Five For Non Owned Liability<br>See Item Four For Hired Borrowed Auto | $ 446 |
| | Auto Medical Payments | $ Each Person | $ |
| | Uninsured Motorists - UM | $ Each Accident | $ |
| | Underinsured Motorists - UIM | $ Each Accident | $ |

# HDI GLOBAL INSURANCE COMPANY

A Stock Insurance Company
161 North Clark St., CHICAGO, IL 60601

## COMMERCIAL AUTOMOBILE POLICY

RENEWAL DECLARATION

**POLICY NO:** HDI55CL0450309-18/000
**INSURED:** THE VILLAGE GREEN AT THE VALLEY

**EFFECTIVE DATE:** 06/05/2025
**AGENT:** SUN VALLEY INSURANCE INC

| COVERED AUTOS SYMBOLS | COVERAGES | LIMITS | PREMIUM |
|---|---|---|---|
| | Physical Damage: Comprehensive Coverage | Actual Cash Value Or Cost Of Repair, Whichever Is Less, Minus Deductible For Each Covered Auto (See Item Three), But No Deductible Applies To Loss Caused By Fire Or Lightning.<br><br>See Item Four For Hired Or Borrowed Autos. | $ |
| | Physical Damage: Specified Causes Of Loss Coverage | Actual Cash Value Or Cost Of Repair, Whichever Is Less, Minus Deductible For Each Covered Auto (See Item Three) For Loss Caused By Mischief Or Vandalism.<br><br>See Item Four for Hired or Borrowed Autos. | $ |
| | Physical Damage: Collision Coverage | Actual Cash Value Or Cost Of Repair, Whichever Is Less, Minus Deductible For Each Covered Auto (See Item Three).<br><br>See Item Four for Hired or Borrowed Autos. | $ |
| | Physical Damage: Towing And Labor | $ For Each Disablement Of A Private Passenger Auto | $ |
| | | PREMIUM FOR ENDORSEMENTS | $ |
| | | ESTIMATED POLICY PREMIUM | $ 446.00 |
| | | *This policy may be subject to final audit | |

**FORMS AND ENDORSEMENTS**
**APPLYING TO THIS COVERAGE PART AND MADE PART OF THIS POLICY AT TIME OF ISSUE:**
See Forms Schedule

**NOTE: IF NO ENTRY APPEARS ON THE ABOVE ENDORSEMENTS, INFORMATION REQUIRED TO COMPLETE THE FORM WILL BE SHOWN ON THE SUPPLEMENTAL FORM DECLARATION IMMEDIATELY FOLLOWING THE APPLICABLE ENDORSEMENT.**

# HDI GLOBAL INSURANCE COMPANY

A Stock Insurance Company
161 North Clark St., CHICAGO, IL 60601

## COMMERCIAL AUTOMOBILE POLICY

RENEWAL DECLARATION

**POLICY NO:** HDI55CL0450309-18/000
**INSURED:** THE VILLAGE GREEN AT THE VALLEY

**EFFECTIVE DATE:** 06/05/2025
**AGENT:** SUN VALLEY INSURANCE INC

**ITEM FOUR – SCHEDULE OF HIRED OR BORROWED COVERED AUTO COVERAGE AND PREMIUMS.**

**LIABILITY COVERAGE – COST OF HIRE RATING BASIS FOR AUTOS NOT USED IN YOUR MOTOR CARRIER OPERATIONS (OTHER THAN MOBILE OR FARM EQUIPMENT)**

| STATE | LIABILITY COVERAGE | ESTIMATED ANNUAL COST OF HIRE FOR EACH STATE | LIMIT | DEDUCTIBLE | PREMIUM |
|---|---|---|---|---|---|
| ID | Excess Liability | $ IF ANY | $ 1,000,000 | $ | $ 0 |
| | | | | Total Premium | $ 0 |

For “autos” **NOT** used in your motor carrier operations, cost of hire means the total amount you incur for the hire of “autos” you don’t own (not including “autos” you borrow or rent from your partners or “employees” or their family members). Cost of hire does not include charges for services performed by motor carriers of property or passengers.

| COVERAGE TYPE | BALANCE TO MINIMUM PREMIUM |
|---|---|
| Cost Of Hire Rating Basis For Autos Not Used In Your Motor Carrier Operations (Other Than Mobile Or Farm Equipment) | $ 122 |
| Total Balance to Minimum Premium | $ 122 |

**ITEM FIVE – SCHEDULE FOR NON-OWNERSHIP LIABILITY**

**STATE:** ID

| NAMED INSURED’S BUSINESS | RATING BASIS | NUMBER | LIMIT | DEDUCTIBLE | PREMIUM |
|---|---|---|---|---|---|
| Other than Garage Service Operations, Social Service Agencies and Educational Institutions and Commercial Driving Schools | Number of Employees | 20 | $ 1,000,000 | $ | $ 240 |
| | Number of Partners (Active and Inactive) | 2 | $ 1,000,000 | $ | $ 84 |
| | | | | Total Premium | $ 324 |

# HDI GLOBAL INSURANCE COMPANY

A Stock Insurance Company
161 North Clark St., CHICAGO, IL 60601

## COMMERCIAL AUTOMOBILE POLICY

RENEWAL DECLARATION

| | |
|---|---|
| **POLICY NO:** HDI55CL0450309-18/000<br>**INSURED:** THE VILLAGE GREEN AT THE VALLEY | **EFFECTIVE DATE:** 06/05/2025<br>**AGENT:** SUN VALLEY INSURANCE INC |

**OPTIONAL FORMS AND ENDORSEMENTS - POLICY**

| COVERAGE | FORM NUMBER | PREMIUM |
|---|---|---|

**THESE DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND ENDORSEMENTS, AND SUPPLEMENTAL FORM DECLARATION(S), IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.**

# HDI GLOBAL INSURANCE COMPANY

A Stock Insurance Company
161 North Clark St., CHICAGO, IL 60601

## COMMERCIAL UMBRELLA LIABILITY

RENEWAL DECLARATION

**POLICY NO:** HDI55CL0450309-18/000

RENEWAL OF: HLM51CL0450309-17

**NAMED INSURED AND MAILING ADDRESS**

THE VILLAGE GREEN AT THE VALLEY
CLUB HOA
PO BOX 2607
SUN VALLEY, ID 83353

**AGENCY AND MAILING ADDRESS** 0000001163

SUN VALLEY INSURANCE INC
PO BOX 5808
KETCHUM, ID 83340

**POLICY PERIOD**: FROM 06/05/2025 TO 06/05/2026 AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE.

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

| LIMITS OF INSURANCE | |
|---|---|
| LIMIT – PER INCIDENT | $1,000,000 |
| GENERAL AGGREGATE LIMIT | $1,000,000 |
| PRODUCTS-COMPLETED OPERATIONS AGGREGATE LIMIT | $1,000,000 |

| | |
|---|---|
| MINIMUM RETENTION COVERAGE A | $0 |
| DEDUCTIBLE COVERAGE B | $10,000 |

**DESCRIPTION OF BUSINESS**

FORM OF BUSINESS:

☐ INDIVIDUAL ☐ PARTNERSHIP ☐ JOINT VENTURE ☐ TRUST

☑ LIMITED LIABILITY COMPANY ☐ ORGANIZATION, INCLUDING A CORPORATION (BUT NOT INCLUDING A PARTNERSHIP, JOINT VENTURE OR LIMITED LIABILITY COMPANY)

☐ OTHER

BUSINESS DESCRIPTION: HOMEOWNERS ASSOCIATION

# HDI GLOBAL INSURANCE COMPANY

A Stock Insurance Company
161 North Clark St., CHICAGO, IL 60601

## COMMERCIAL UMBRELLA LIABILITY

RENEWAL DECLARATION

| | |
|---|---|
| **POLICY NO:** HDI55CL0450309-18/000 | **EFFECTIVE DATE:** 06/05/2025 |
| **INSURED:** THE VILLAGE GREEN AT THE VALLEY | **AGENT:** SUN VALLEY INSURANCE INC |

| DESCRIPTION OF BUSINESS |
|---|
| |

# HDI GLOBAL INSURANCE COMPANY

A Stock Insurance Company
161 North Clark St., CHICAGO, IL 60601

## COMMERCIAL UMBRELLA LIABILITY

RENEWAL DECLARATION

**POLICY NO:** HDI55CL0450309-18/000
**INSURED:** THE VILLAGE GREEN AT THE VALLEY

**EFFECTIVE DATE:** 06/05/2025
**AGENT:** SUN VALLEY INSURANCE INC

| SCHEDULE OF UNDERLYING INSURANCE | | |
|---|---|---|
| **TYPE OF INSURANCE** | **CARRIER**<br>**POLICY NUMBER**<br>**POLICY PERIOD** | **LIMITS OF INSURANCE** |
| *General Liability* | *HDI Global Insurance Company*<br>*HDI55CL0450309-18*<br>*06/05/2025 to 06/05/2026* | $2,000,000 GENERAL AGGREGATE<br>INCLUDED PROD/COMP OPS AGGREGATE<br>$1,000,000 EACH OCCURRENCE |
| *Commercial Auto* | *HDI Global Insurance Company*<br>*HDI55CL0450309-18*<br>*06/05/2025 to 06/05/2026* | $1,000,000 EACH ACCIDENT / OCCURRENCE |

# HDI GLOBAL INSURANCE COMPANY

A Stock Insurance Company
161 North Clark St., CHICAGO, IL 60601

## COMMERCIAL UMBRELLA LIABILITY

RENEWAL DECLARATION

| | |
|---|---|
| **POLICY NO:** HDI55CL0450309-18/000 | **EFFECTIVE DATE:** 06/05/2025 |
| **INSURED:** THE VILLAGE GREEN AT THE VALLEY | **AGENT:** SUN VALLEY INSURANCE INC |

TERRORISM RISK INSURANCE ACT CHARGE IS $15

| | | |
|---|---|---|
| TOTAL COMMERCIAL UMBRELLA LIABILITY PREMIUM | $ | 515 |

**FORMS AND ENDORSEMENTS**
**APPLYING TO THIS COVERAGE PART AND MADE PART OF THIS POLICY AT TIME OF ISSUE:**
See Forms Schedule

**THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND ENDORSEMENTS, AND SUPPLEMENTAL FORM DECLARATIONS), IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.**

# HDI GLOBAL INSURANCE COMPANY

A Stock Insurance Company
161 North Clark St., CHICAGO, IL 60601

## FORMS SCHEDULE

**POLICY NO:** HDI55CL0450309-18

RENEWAL OF: HLM51CL0450309-17

**ACCOUNT NUMBER:**

**NAMED INSURED AND MAILING ADDRESS**

THE VILLAGE GREEN AT THE VALLEY
PO BOX 2607
SUN VALLEY, ID 83353

**AGENCY AND MAILING ADDRESS** 1163

SUN VALLEY INSURANCE INC
PO BOX 5808
KETCHUM, ID 83340

**POLICY PERIOD:** FROM 06/05/2025 TO 06/05/2026 AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE.

**NOTE: IF NO ENTRY APPEARS ON THE FOLLOWING ENDORSEMENTS, INFORMATION REQUIRED TO COMPLETE THE FORM WILL BE SHOWN ON THE SUPPLEMENTAL FORM DECLARATION IMMEDIATELY FOLLOWING THE APPLICABLE ENDORSEMENT.**

| INTERLINE FORMS | | APPLICABLE COVERAGE PARTS |
|---|---|---|
| AH0018 01-21 | Disclosure and Offer of Terrorism | Commercial Umbrella, General Liability, Commercial Property |
| IL SU 4003 06 24 | Signature Page | Commercial Package |
| AH0050 06-15 | POLICYHOLDER NOTICE OF CLAIM REPORTING PROCEDURES | Commercial Auto, Crime And Fidelity, Commercial Umbrella, General Liability, Commercial Property |
| II 3005 01-24 | Fraud Warning Notices | Commercial Auto, Crime And Fidelity, Commercial Umbrella, General Liability, Commercial Property |
| IL0719OFAC 06-24 | Advisory Notice to Policyholders OFAC Sanctions Enforcement | Commercial Auto, Crime And Fidelity, Commercial Umbrella, General Liability, Commercial Property |
| ILAM4001 05-23 | Sanction Limitation and Exclusion Clause | Commercial Auto, Crime And Fidelity, Commercial Umbrella, General Liability, Commercial Property |
| IL0017 11-98 | Common Policy Conditions | Commercial Auto, Crime And Fidelity, Commercial Umbrella, General Liability, Commercial Property |
| IL0021 09-08 | Nuclear Energy Liability Exclusion Endorsement (Broad Form) | Commercial Auto, General Liability |

# HDI GLOBAL INSURANCE COMPANY

A Stock Insurance Company
161 North Clark St., CHICAGO, IL 60601

## FORMS SCHEDULE

**POLICY NO:** HDI55CL0450309-18

RENEWAL OF: HLM51CL0450309-17

**ACCOUNT NUMBER:**

**NAMED INSURED AND MAILING ADDRESS**

THE VILLAGE GREEN AT THE VALLEY
PO BOX 2607
SUN VALLEY, ID 83353

**AGENCY AND MAILING ADDRESS** 1163

SUN VALLEY INSURANCE INC
PO BOX 5808
KETCHUM, ID 83340

**POLICY PERIOD:** FROM 06/05/2025 TO 06/05/2026 AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE.

| INTERLINE FORMS | | APPLICABLE COVERAGE PARTS |
|---|---|---|
| IL0204 09-08 | Idaho Changes - Cancellation And Nonrenewal | Commercial Auto, Crime And Fidelity, Commercial Umbrella, General Liability, Commercial Property |
| IL0935 07-02 | Exclusion Of Certain Computer-Related Losses | Crime And Fidelity, Commercial Property |
| IL0952 01-15 | Cap On Losses From Certified Acts Of Terrorism | Commercial Property |
| NP0014 01-21 | Advisory Notice to Policyholders | Commercial Umbrella, General Liability, Commercial Property |
| NP0060 09-19 | Statement Regarding Flood Insurance | Commercial Property |
| PP3000 12-23 | Privacy Notice | Commercial Auto, Crime And Fidelity, Commercial Umbrella, General Liability, Commercial Property |

| COMMERCIAL PROPERTY FORMS | |
|---|---|
| CF1050 01-18 | Equipment Breakdown Enhancement Endorsement |
| CF3010 03-20 | Cyber Incident Exclusion |
| CP0010 10-12 | Building And Personal Property Coverage Form |
| CP0017 10-12 | Condominium Association Coverage Form |
| CP0090 07-88 | Commercial Property Conditions |
| CP1030 09-17 | Causes Of Loss - Special Form |
| MP9534 01-12 | Property Enhancement Endorsement Commercial Property |
| CF1013 03-05 | Fungus, Wet Rot, Dry Rot And Bacteria - Exclusion |
| CF1022 01-07 | Exclusion Of Loss Due To Virus Or Bacteria (Including Food Contamination Business Income Exception) |

| COMMERCIAL GENERAL LIABILITY FORMS | |
|---|---|
| GC4009 04-22 | Exclusion - Opioids and Other Prescription Drugs |

# HDI GLOBAL INSURANCE COMPANY

A Stock Insurance Company
161 North Clark St., CHICAGO, IL 60601

## FORMS SCHEDULE

**POLICY NO:** HDI55CL0450309-18

RENEWAL OF: HLM51CL0450309-17

**ACCOUNT NUMBER:**

**NAMED INSURED AND MAILING ADDRESS**

THE VILLAGE GREEN AT THE VALLEY
PO BOX 2607
SUN VALLEY, ID 83353

**AGENCY AND MAILING ADDRESS** 1163

SUN VALLEY INSURANCE INC
PO BOX 5808
KETCHUM, ID 83340

**POLICY PERIOD:** FROM 06/05/2025 TO 06/05/2026 AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE.

| COMMERCIAL GENERAL LIABILITY FORMS | |
|---|---|
| GC4010 04-22 | Exclusion - Governmental Actions Related to Prescription Drugs |
| CG0001 04-13 | Commercial General Liability Coverage Form |
| CG2017 12-19 | Additional Insured - Unit-Owners Of Townhouse Or Homeowner Associations |
| CG2107 05-14 | Exclusion - Access or Disclosure of Confidential or Personal Information and Data-Related Liability - Limited Bodily Injury Exception not Included |
| CG2132 05-09 | Communicable Disease Exclusion |
| CG2146 07-98 | Abuse Or Molestation Exclusion |
| CG2147 12-07 | Employment-Related Practices Exclusion |
| CG2167 12-04 | Fungi Or Bacteria Exclusion |
| CG2170 01-15 | Cap On Losses From Certified Acts Of Terrorism |
| CG2176 01-15 | Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism |
| CG2426 04-13 | Amendment Of Insured Contract Definition |
| CYB008 06-17 | Cyber Liability and Data Breach Response Coverage Endorsement |
| CYB101 06-24 | Cyber Breach Response Supplemental Declarations |
| CYB201 06-24 | Cyber Breach Response Endorsement |
| EPL001 07-11 | Employment Practices Liability Insurance Coverage Part Claims First Made and Reported - Standard |
| EPL002 07-11 | Employment Practices Liability Insurance Coverage Part Claims First Made and Reported Schedule-Standard |
| EPL030 07-11 | Idaho Amendatory Endorsement (Standard) |
| CG2196 03-05 | Silica or Silica-Related Dust Exclusion |
| GC1110 06-18 | Lead Exclusion |
| GC1009 01-14 | Condominium or Community Association Directors and Officers Liability Coverage |
| MP9540 03-05 | Exclusion - Asbestos |

| CRIME AND FIDELITY FORMS | |
|---|---|
| CR0021 05-06 | Commercial Crime Coverage Form (Loss Sustained Form) |

# HDI GLOBAL INSURANCE COMPANY

A Stock Insurance Company
161 North Clark St., CHICAGO, IL 60601

## FORMS SCHEDULE

**POLICY NO:** HDI55CL0450309-18

RENEWAL OF: HLM51CL0450309-17

**ACCOUNT NUMBER:**

**NAMED INSURED AND MAILING ADDRESS**

THE VILLAGE GREEN AT THE VALLEY
PO BOX 2607
SUN VALLEY, ID 83353

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SUN VALLEY INSURANCE INC
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**POLICY PERIOD:** FROM 06/05/2025 TO 06/05/2026 AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE.

| CRIME AND FIDELITY FORMS | |
|---|---|
| CR0751 08-08 | Replace Terrorism Provisions (Applicable To Crime/Fidelity Only) |

| COMMERCIAL AUTO FORMS | |
|---|---|
| CA0001 11-20 | Business Auto Coverage Form |
| CA0118 11-13 | Idaho Changes |
| CA2384 10-13 | Exclusion Of Terrorism |
| BA0118 11-13 | Idaho Changes |

| COMMERCIAL UMBRELLA FORMS | |
|---|---|
| AG0100 06-17 | EXCLUSION - ACCESS OR DISCLOSURE OF CONFIDENTIAL OR PERSONAL INFORMATION AND DATA-RELATED LIABILITY - LIMITED BODILY INJURY EXCEPTION NOT INCLUDED |
| AG0060 04-93 | EXCLUSION OF COVERAGE SUBJECT AMENDED LIMITS |
| AG0061 04-93 | EXCLUSION OF UNDERLYING POLICIES APPLICABLE |
| AG0079 04-02 | FUNGI OR BACTERIA EXCLUSION |
| GC7021 11-87 | Commercial Umbrella Liability Occurrence Coverage Form |
| CU2130 01-15 | CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM |
| CU2136 01-15 | EXCLUSION OF PUNITIVE DAMAGES RELATED TO A CERTIFIED ACT OF TERRORISM |
| AG0056 06-24 | CHILD MOLESTATION EXCLUSION |
| AG0082 05-03 | WAR LIABILITY EXCLUSION |

**HDI Global Insurance Company**

**Commercial Advantage Policy**
**Commercial Advantage Excess Policy**
**General Liability**
**Inland Marine**
**Commercial Property**
**Umbrella**

**THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE AND OFFER OF COVERAGE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.**

THE VILLAGE GREEN AT THE VALLEY
Insured's Name

PO BOX 2607
Sun Valley, ID 83353
Insured's Mailing Address

HDI55CL0450309-18
Policy Number

**PREMIUM DUE DATE:**
Billing Notice Sent Separately

## NOTICE OF DISCLOSURE OF PREMIUM AND OFFER OF COVERAGE FOR CERTIFIED ACTS OF TERRORISM

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, you have a right to purchase insurance coverage for losses resulting from acts of terrorism. *As defined in Section 102(1) of the Act*: The term "act of terrorism" means any act or acts that are certified by the Secretary of the Treasury—in consultation with the Secretary of Homeland Security, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 80% BEGINNING ON JANUARY 1, 2020, OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A $100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE


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CALENDAR YEAR EXCEEDS $100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED $100 BILLION, YOUR COVERAGE MAY BE REDUCED.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A $100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS $100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED $100 BILLION, YOUR COVERAGE MAY BE REDUCED.

**DISCLOSURE OF PREMIUM AND SELECTION OR REJECTION OF COVERAGE**

_____ I hereby elect to purchase coverage for losses arising from certified acts of terrorism. I understand that the premium due for this coverage is $516

_____ I hereby reject coverage for losses arising from certified acts of terrorism. I understand that an **exclusion** for losses resulting from certified acts of terrorism will be made part of this policy.
**If a premium is indicated below, this policy includes coverage in a Standard Fire Policy State.**
I understand that I must still pay an additional premium for coverage for fire losses arising from certified acts of terrorism. I further understand that the premium due for this limited fire loss coverage is
$0

_____
Policyholder's Signature

_____
Date


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# POLICYHOLDER NOTICE OF CLAIM REPORTING PROCEDURES

You should contact your local insurance agent to report a claim. Your agency's name and address are located at the upper right of your policy's declaration pages.

If you are unable to contact your agent and want to make a claim involving a fatality, serious injury, large property loss or a catastrophic claim, you may call and report the claim directly to Effective Claims Management, Inc. Effective Claims Management, Inc. handles claims for the HDI Global Insurance Company policy on which this notice is attached.

- To report a serious claim during normal business hours (Monday through Friday 8:00 a.m. to 5:00 p.m. CST), please call 800-426-5119 ext. 1780.
- To report a serous claim after normal business hours, call 817-888-5664 for Casualty (Auto and GL), or 817-888-1955 for Property.

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This Notice does **not** form a part of your insurance contract. The Notice is designed to provide helpful information for you to report a claim. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply. Please read your policy and the endorsements attached to your policy carefully.

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

# EXCLUSION – OPIOIDS AND OTHER PRESCRIPTION DRUGS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

The following exclusion is added to Paragraph **2. Exclusions** of **Section I – Coverage A Bodily Injury and Property Damage Liability** and to Paragraph **2. Exclusions** of **Section I – Coverage B Personal and Advertising Injury Liability**:

**Opioids and Other Prescription Drugs**
This insurance does not apply to any claim, "suit", demand, or loss that alleges "bodily injury", "property damage", or "personal and advertising injury" arising directly or indirectly out of or in any way related to any actual or alleged:

1. Diversion, abuse, misuse, addictive use, illicit use, overuse, or unlawful distribution of:
   a. Codeine, fentanyl, hydrocodone, oxycontin, hydromorphone, meperidine, methadone, oxycodone, naloxone, or any other opioid or narcotic drug, medication, or substance of any type, nature, or kind; or
   b. Any other drugs which require a prescription; or
2. Failure or inadequacy of any controls, practices, or procedures to prevent or report behavior relating to the actual or alleged diversion, abuse, misuse, addictive use, illicit use, overuse, or unlawful distribution of any substance referenced in 1.a. or 1.b. above; or
3. Failure to warn or inadequacy of warnings related to the consequences of any diversion, abuse, misuse, addictive use, illicit use, overuse, or unlawful distribution of any substance referenced in 1.a. or 1.b. above.

This exclusion applies even if the claims against any insured allege negligence, including but not limited to negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured.

We shall have no duty to defend, respond to, investigate, or indemnify any insured against any loss, claim, "suit", or other proceeding alleging damages arising out of or related to "bodily injury", "property damage", or "personal and advertising injury" to which this exclusion applies. This exclusion also applies to any obligation to share damages with, repay, or indemnify anyone else against whom damages are sought because of such "bodily injury", "property damage", or "personal and advertising injury".

All other terms and conditions of the policy remain unchanged.

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

# EXCLUSION – GOVERNMENTAL ACTIONS RELATED TO PRESCRIPTION DRUGS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

The following exclusion is added to Paragraph **2. Exclusions** of **Section I – Coverage A Bodily Injury and Property Damage Liability** and to Paragraph **2. Exclusions** of **Section I – Coverage B Personal and Advertising Injury Liability**:

**Governmental Actions Related to Prescription Drugs**
This insurance does not apply to any claim, “suit”, demand, or loss brought by or on behalf of any state, municipality, or other governmental entity or agency seeking damages, fines, penalties, or any other type of relief, whether monetary or not, arising from, or in any way related to, any insured selling, distributing, or dispensing drugs which require a prescription.

This exclusion applies even if the claims against any insured allege negligence, including but not limited to negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured.

We shall have no duty to defend, respond to, investigate, or indemnify any insured against any loss, claim, “suit”, or other proceeding seeking damages, fines, penalties, or any other type of relief, whether monetary or not, arising from, or in any way related to, “bodily injury”, “property damage”, or “personal and advertising injury” to which this exclusion applies. This exclusion also applies to any obligation to share damages with, repay, or indemnify anyone else against whom damages are sought because of such “bodily injury”, “property damage”, or “personal and advertising injury”.

All other terms and conditions of the policy remain unchanged.

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## FRAUD WARNING NOTICES

Pursuant to statutory requirements, we are required to inform you of the specific fraud warning notice that is required on all applications for insurance. Please note that the state of New York requires a signature on the fraud warning.

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| For all states not listed below, the following fraud warning notice applies:<br>**Fraud Warning Notice**: Any person who knowingly and with intent to defraud any insurance company or another person files an application for insurance or statement of claim containing any materially false information, or conceals, for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent act, which may subject the person to criminal and civil penalties. | |
| **State Fraud Warning Notices** | |
| **Alabama** | Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to restitution, fines, or confinement in prison, or any combination thereof. |
| **Arkansas**<br>**Louisiana**<br>**Rhode Island**<br>**West Virginia** | Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison. |
| **California** | For your protection California law requires the following to appear on this form:<br>Any person who knowingly presents false or fraudulent information to obtain or amend insurance coverage or to make a claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison. |
| **Colorado** | It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable for insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies. |
| **District of Columbia** | WARNING: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits, if false information materially related to a claim was provided by the applicant. |
| **Florida** | Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree. |
| **Kentucky** | Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or |

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| | conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime. |
| **Maine** | It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines or denial of insurance benefits. |
| **Maryland** | Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison. |
| **New Jersey** | Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties. |
| **New Mexico** | ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO CIVIL FINES AND CRIMINAL PENALTIES. |
| **Ohio** | Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud. |
| **Oklahoma** | WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony. |
| **Oregon** | Fire: This entire policy shall be void if, whether before or after a loss, the insured has willfully concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof, or the interest of the insured therein, or in case of any fraud or false swearing by the insured relating thereto. |
| **Pennsylvania** | General: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.<br><br>Auto: Any person who knowingly and with intent to injure or defraud any insurer files an application or claim containing any false, incomplete or misleading information shall, upon conviction, be subject to imprisonment for up to seven years and the payment of a fine of up to $15,000." |
| **Tennessee**<br>**Virginia**<br>**Washington** | It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits. |
| **Vermont** | Any person who knowingly presents a false statement in an application for insurance may be guilty of a criminal offense and subject to penalties under state law. |

This page only applies to the state of New York.

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| **New York** | General: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.<br><br>Auto: Any person who knowingly makes or knowingly assists, abets, solicits or conspires with another to make a false report of the theft, destruction, damage or conversion of any motor vehicle to a law enforcement agency, the department of motor vehicles or an insurance company, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the value of the subject motor vehicle or stated claim for each violation.<br><br>Fire: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime.<br><br>The proposed insured affirms that the foregoing information is true and agrees that these applications shall constitute a part of any policy issued whether attached or not and that any willful concealment or misrepresentation of a material fact or circumstances shall be grounds to rescind the insurance policy. |

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| SIGNED BY THE RISK MANAGER, IN-HOUSE GENERAL COUNSEL OR SENIOR OFFICER OF THE **INSURED** ACTING AS THE AUTHORIZED REPRESENTATIVE FOR PURCHASING INSURANCE. | |
| SIGNATURE | |
| NAME & TITLE | |
| DATE | |

INTERLINE

# ADVISORY NOTICE TO POLICYHOLDERS
# OFAC SANCTIONS ENFORCEMENT

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – http//www.treas.gov/ofac.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

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

# SANCTION LIMITATION AND EXCLUSION CLAUSE

The Company shall not be deemed to provide cover and the Company shall not be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose the Company to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

# COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

**A. Cancellation**

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
   a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
   b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

**B. Changes**

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

**C. Examination Of Your Books And Records**

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

**D. Inspections And Surveys**

1. We have the right to:
   a. Make inspections and surveys at any time;
   b. Give you reports on the conditions we find; and
   c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
   a. Are safe or healthful; or
   b. Comply with laws, regulations, codes or standards.
3. Paragraphs **1.** and **2.** of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph **2.** of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

**E. Premiums**

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

**F. Transfer Of Your Rights And Duties Under This Policy**

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

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

# NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

**(Broad Form)**

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

**1.** The insurance does not apply:

**A.** Under any Liability Coverage, to "bodily injury" or "property damage":

**(1)** With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

**(2)** Resulting from the "hazardous properties" of "nuclear material" and with respect to which **(a)** any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or **(b)** the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

**B.** Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.

**C.** Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:

**(1)** The "nuclear material" **(a)** is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or **(b)** has been discharged or dispersed therefrom;

**(2)** The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or

**(3)** The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion **(3)** applies only to "property damage" to such "nuclear facility" and any property thereat.

**2.** As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "special nuclear material" or "by-product material".

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"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material **(a)** containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and **(b)** resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

**(a)** Any "nuclear reactor";

**(b)** Any equipment or device designed or used for **(1)** separating the isotopes of uranium or plutonium, **(2)** processing or utilizing "spent fuel", or **(3)** handling, processing or packaging "waste";

**(c)** Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

**(d)** Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.


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

# IDAHO CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

**A.** Paragraphs **1.** and **2.** of the **Cancellation** Common Policy Condition are replaced by the following:

**1.** The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation. Cancellation will be effective on the later of the date requested by the first Named Insured or the date we receive the request.

**2. Policies In Effect**

**a. 60 Days Or Less**

If this policy has been in effect for 60 days or less, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

**(1)** 10 days before the effective date of cancellation if we cancel for nonpayment of premium. If delivered via United States mail, the 10 day notification period begins to run five days following the date of postmark; or

**(2)** 30 days before the effective date of cancellation if we cancel for any other reason.

**b. More Than 60 Days**

If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

**(1)** Nonpayment of premium;

**(2)** Fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;

**(3)** Acts or omissions on your part which increase any hazard insured against;

**(4)** Change in the risk which materially increases the risk of loss after the policy has been issued or renewed including, but not limited to, an increase in exposure due to regulation, legislation or court decision;

**(5)** Loss of or decrease in reinsurance which provided us with coverage for all or part of the risk insured;

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**(6)** A determination by the Director of Insurance that continuation of this policy would jeopardize our solvency or place us in violation of the insurance laws of Idaho or any other state; or

**(7)** Violation or breach by the insured of any policy terms or conditions other than nonpayment of premium.

We will mail or deliver written notice of cancellation to the first Named Insured at least:

**(a)** 10 days before the effective date of cancellation if we cancel for nonpayment of premium. If delivered via United States mail, the 10 day notification period begins to run five days following the date of postmark; or

**(b)** 30 days before the effective date of cancellation if we cancel for any other reason stated in **2.b.** above.

**B.** The following Condition is added and supersedes any provision to the contrary:

**NONRENEWAL**

**1.** If we elect not to renew this policy, we will mail or deliver to the first Named Insured a written notice of intention not to renew at least 45 days prior to the expiration or anniversary date of the policy.

**2.** We will mail or deliver our notice to the first Named Insured's last mailing address known to us.

**3.** If notice is not mailed or delivered at least 45 days before the expiration or anniversary date of this policy, this policy will remain in effect until 45 days after notice is mailed or delivered. Earned premium for the extended period of coverage will be calculated pro rata at the rates applicable to the expiring policy.

**4.** We need not mail or deliver this notice if:

**a.** We have offered to renew this policy;

**b.** You have obtained replacement coverage; or

**c.** You have agreed in writing to obtain replacement coverage.

**5.** If notice is mailed, proof of mailing will be sufficient proof of notice.

**C.** The following Condition is added:

**PREMIUM OR COVERAGE CHANGES AT RENEWAL**

**1.** If we elect to renew this policy, we will mail or deliver written notice of any total premium increase greater than ten percent (10%) which is the result of a comparable increase in premium rates, change in deductible, reduction in limits or reduction in coverage to the first Named Insured, at the last mailing address known to us.

**2.** Any such notice will be mailed or delivered to the first Named Insured at least 30 days before the expiration or anniversary date of the policy.

**3.** If notice is not mailed or delivered at least 30 days before the expiration or anniversary date of the policy, the premium, deductible, limits and coverage in effect prior to the changes will remain in effect until the earlier of the following:

**a.** 30 days after notice is given; or

**b.** The effective date of replacement coverage obtained by the first Named Insured.

**4.** If the first Named Insured accepts the renewal, the premium increase, if any, and other changes will be effective on and after the first day of the renewal term.

**5.** If the first Named Insured elects not to renew, any earned premium for the resulting extended period of coverage will be calculated pro rata at the lower of the new rates or rates applicable to the expiring policy.

**6.** If notice is mailed, proof of mailing will be sufficient proof of notice.


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

# EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
STANDARD PROPERTY POLICY

**A.** We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.

**1.** The failure, malfunction or inadequacy of:

**a.** Any of the following, whether belonging to any insured or to others:

**(1)** Computer hardware, including microprocessors;

**(2)** Computer application software;

**(3)** Computer operating systems and related software;

**(4)** Computer networks;

**(5)** Microprocessors (computer chips) not part of any computer system; or

**(6)** Any other computerized or electronic equipment or components; or

**b.** Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.

**2.** Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **A.1.** of this endorsement.

**B.** If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:

**1.** In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or

**2.** Under the Commercial Property Coverage Part:

**a.** In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss – Special Form; or

**b.** In a Covered Cause of Loss under the Causes Of Loss – Basic Form or the Causes Of Loss – Broad Form;

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.

**C.** We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.

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

# CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

**A. Cap On Certified Terrorism Losses**

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of $5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed $100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds $100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

**B. Application Of Exclusions**

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

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# Advisory Notice To Policyholders
# 2019 Reauthorization of the Federal Terrorism Risk Insurance Act

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This Notice does **not** form a part of your insurance contract. The Notice is designed to alert you to actions that you may want to take when reviewing the Notice of Disclosure of Premium and Offer of Coverage for Certified Acts of Terrorism, AH0018. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply. Please read your policy and the endorsements attached to your policy carefully.

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The Terrorism Risk Insurance Act (TRIA) EXCLUDES Commercial Auto and Crime. Therefore, if your policy includes Commercial Auto or Crime, a terrorism exclusion applies to these lines of coverage.

For policies other than Commercial Auto and Crime, your policy contains coverage for Certified Acts of Terrorism.

- If you choose to keep this coverage, no further action is required.
- If you choose NOT to keep this coverage, you must indicate your rejection on the enclosed notice and return it to our office within 30 days. Once we have received this rejection, we will remove the coverage and the premium from your policy.

**SPECIAL NOTES:**

Disregard any premium due information that may show in your notice. The premium due for this coverage is payable according to the terms of your billing notice.

If your policy has been issued with a policy minimum premium, the rejection of this coverage may result in no premium change.

In states designated as Standard Fire Policy States, we are required by law to provide you with coverage for any fire losses resulting from terrorism and to charge you for that coverage.

**UMBRELLA AND COMMERCIAL ADVANTAGE EXCESS POLICIES:**

If you have elected to reject Certified Acts of Terrorism coverage on your underlying policies, you must also reject the coverage on this policy.

**REMINDER:**

To reject this coverage for lines other than Commercial Auto and Crime (it is already excluded on these lines), you must properly fill out the enclosed notice, sign, date and return it within 30 days to:

American Hallmark Insurance Services, Inc.

5420 Lyndon B. Johnson Frwy, Suite 1100

Dallas, TX 75240-2345

If the notice is not received within 30 days, this coverage will be removed as of the date of your signature and earned premium may be charged.

**REJECTION OF TERRORISM COVERAGE ON RENEWAL POLICIES:**

By signing the written rejection, you are authorizing the attachment of terrorism exclusion(s) to your policy. These exclusions will continue to attach to all subsequent renewals until you notify us of a change in your election. Refer to the Notice of Disclosure of Premium and Offer of Coverage for Certified Acts of Terrorism, AH 00 18, for the cost of this insurance.

If you have questions, please contact your agent.


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# STATEMENT REGARDING FLOOD INSURANCE

You may also need to consider the purchase of flood insurance. Your insurance policy does not include coverage for damage resulting from a flood even if hurricane winds and rain caused the flood to occur. Without separate flood insurance coverage, you may have uncovered losses caused by a flood.

Please discuss the need to purchase separate flood insurance coverage with your insurance agent or insurance company or visit:
**www.floodsmart.gov**

# HDI GLOBAL INSURANCE COMPANY
# HDI SPECIALTY INSURANCE COMPANY

# PRIVACY NOTICE

We value your business and your trust in HDI. The privacy and confidentiality of your personal information is among our top priorities. This notice explains our practices and procedures for securing your personal information before, during and after your relationship with us. We will provide one copy of this Privacy Statement with each policy we issue. Additional copies of this statement are available upon request. Thank you for choosing HDI for your insurance needs.

**How We Protect Your Information**
We understand the importance of securing your personal information. We utilize physical, electronic, and procedural safeguards to protect your nonpublic personal data in compliance with applicable state and federal laws. Access to customer information is strictly limited to select HDI employees, only when necessary for a business purpose.

**What Personal Information We Collect About You**
We collect nonpublic personal information about you from the following sources as required in the ordinary course of business:

- Information received on applications and other forms, whether in writing, in person, by phone, electronically, or by other means, including, but not limited to: names, addresses, social security numbers, birth dates, employment information, prior policy coverage, outstanding account balances, payment history and claims history.
- Information about your transactions with us, our affiliates, or others associated with our business relationship, and information we receive from insurance agents, consumer reporting agencies, investigators connected with claims adjusting, state motor vehicle departments, inspection services, insurance support organizations or other sources as permitted or required by law.
- Information we receive in medical records or from medical professionals.
- Information otherwise obtained in the claims adjustment process, including litigation.

**What Personal Information We Disclose About You**
We do not disclose customer or client nonpublic personal information to anyone, except as permitted or required by law. Permitted disclosures include information necessary to process transactions on your behalf, and information about you or about participants, beneficiaries, or claimants under your insurance policy in the ordinary course of business.

**Your Rights**
You have the right to access and request correction of recorded nonpublic personal information. To access your information, please send a signed, written request to HDI Global Insurance Company, 161 N. Clark Street, 48th Floor, Chicago, IL 60601, Attn: Legal or via email at privacy@us.hdi.global. Please include your full name, address, telephone number, and policy or claim number in your letter. We will respond within 45 days upon receipt of your request. We may request other information to validate your identity, such as a copy of your driver's license or other valid photo ID. Additionally, please indicate any desired corrections. If we agree with your request, we will correct our records. If we do not agree, you may file a written statement of dispute with us.

# BUSINESS AUTO COVERAGE FORM

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 **V** – Definitions.

**SECTION I – COVERED AUTOS**

Item Two of the Declarations shows the "autos" that are covered "autos" for each of your coverages. The following numerical symbols describe the "autos" that may be covered "autos". The symbols entered next to a coverage on the Declarations designate the only "autos" that are covered "autos".

**A. Description Of Covered Auto Designation Symbols**

| Symbol | Description Of Covered Auto Designation Symbols | |
|---|---|---|
| **1** | Any "Auto" | |
| **2** | Owned "Autos" Only | Only those "autos" you own (and for Covered Autos Liability Coverage any "trailers" you don't own while attached to power units you own). This includes those "autos" you acquire ownership of after the Policy begins. |
| **3** | Owned Private Passenger "Autos" Only | Only the private passenger "autos" you own. This includes those private passenger "autos" you acquire ownership of after the Policy begins. |
| **4** | Owned "Autos" Other Than Private Passenger "Autos" Only | Only those "autos" you own that are not of the private passenger type (and for Covered Autos Liability Coverage any "trailers" you don't own while attached to power units you own). This includes those "autos" not of the private passenger type you acquire ownership of after the Policy begins. |
| **5** | Owned "Autos" Subject To No-fault | Only those "autos" you own that are required to have no-fault benefits in the state where they are licensed or principally garaged. This includes those "autos" you acquire ownership of after the Policy begins provided they are required to have no-fault benefits in the state where they are licensed or principally garaged. |
| **6** | Owned "Autos" Subject To A Compulsory Uninsured Motorists Law | Only those "autos" you own that because of the law in the state where they are licensed or principally garaged are required to have and cannot reject Uninsured Motorists Coverage. This includes those "autos" you acquire ownership of after the Policy begins provided they are subject to the same state uninsured motorists requirement. |
| **7** | Specifically Described "Autos" | Only those "autos" described in Item Three of the Declarations for which a premium charge is shown (and for Covered Autos Liability Coverage any "trailers" you don't own while attached to any power unit described in Item Three). |
| **8** | Hired "Autos" Only | Only those "autos" you lease, hire, rent or borrow. This does not include any "auto" you lease, hire, rent or borrow from any of your "employees", partners (if you are a partnership), members (if you are a limited liability company) or members of their households. |
| **9** | Non-owned "Autos" Only | Only those "autos" you do not own, lease, hire, rent or borrow that are used in connection with your business. This includes "autos" owned by your "employees", partners (if you are a partnership), members (if you are a limited liability company) or members of their households but only while used in your business or your personal affairs. |

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| | | |
|---|---|---|
| **19** | Mobile Equipment Subject To Compulsory Or Financial Responsibility Or Other Motor Vehicle Insurance Law Only | Only those "autos" that are land vehicles and that would qualify under the definition of "mobile equipment" under this Policy if they were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where they are licensed or principally garaged. |

**B. Owned Autos**

**1.** If Symbols **1, 2, 3, 4, 5, 6** or **19** are entered next to a coverage in Item Two of the Declarations, then you have coverage for "autos" that you acquire after the policy period begins of the type described for the remainder of the policy period.

**2.** But, if Symbol **7** is entered next to a coverage in Item Two of the Declarations, an "auto" you acquire after the policy period begins will be a covered "auto" for that coverage only if:

**a.** We already cover all "autos" that you own for that coverage or it replaces an "auto" you previously owned that had that coverage; and

**b.** You tell us within 30 days after you acquire it that you want us to cover it for that coverage.

**3.** An "auto" that is leased or rented to you without a driver, under a written agreement for a continuous period of at least six months that requires you to provide primary insurance covering such "auto", will be considered a covered "auto" you own.

**C. Certain Trailers, Mobile Equipment And Temporary Substitute Autos**

If Covered Autos Liability Coverage is provided by this Coverage Form, the following types of vehicles are also covered "autos" for Covered Autos Liability Coverage:

**1.** "Trailers" with a registered Gross Vehicle Weight Rating of 3,000 pounds or less designed primarily for travel on public roads.

**2.** "Mobile equipment" while being carried or towed by a covered "auto".

**3.** Any "auto" you do not own while used with the permission of its owner as a temporary substitute for a covered "auto" you own that is out of service because of its:

**a.** Breakdown;

**b.** Repair;

**c.** Servicing;

**d.** "Loss"; or

**e.** Destruction.

**SECTION II – COVERED AUTOS LIABILITY COVERAGE**

**A. Coverage**

We will pay all sums an "insured" legally must pay as damages because of "bodily injury" or "property damage" to which this insurance applies, caused by an "accident" and resulting from the ownership, maintenance or use of a covered "auto".

We will also pay all sums an "insured" legally must pay as a "covered pollution cost or expense" to which this insurance applies, caused by an "accident" and resulting from the ownership, maintenance or use of covered "autos". However, we will only pay for the "covered pollution cost or expense" if there is either "bodily injury" or "property damage" to which this insurance applies that is caused by the same "accident".

We have the right and duty to defend any "insured" against a "suit" asking for such damages or a "covered pollution cost or expense". However, we have no duty to defend any "insured" against a "suit" seeking damages for "bodily injury" or "property damage" or a "covered pollution cost or expense" to which this insurance does not apply. We may investigate and settle any claim or "suit" as we consider appropriate. Our duty to defend or settle ends when the Covered Autos Liability Coverage Limit of Insurance has been exhausted by payment of judgments or settlements.

**1. Who Is An Insured**

The following are "insureds":

**a.** You for any covered "auto".

**b.** Anyone else while using with your permission a covered "auto" you own, hire or borrow except:

**(1)** The owner or anyone else from whom you hire or borrow a covered "auto".

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This exception does not apply if the covered "auto" is a "trailer" connected to a covered "auto" you own.

**(2)** Your "employee" if the covered "auto" is owned by that "employee" or a member of his or her household.

**(3)** Someone using a covered "auto" while he or she is working in a business of selling, servicing, repairing, parking or storing "autos" unless that business is yours.

**(4)** Anyone other than your "employees", partners (if you are a partnership), members (if you are a limited liability company) or a lessee or borrower or any of their "employees", while moving property to or from a covered "auto".

**(5)** A partner (if you are a partnership) or a member (if you are a limited liability company) for a covered "auto" owned by him or her or a member of his or her household.

**c.** Anyone liable for the conduct of an "insured" described above but only to the extent of that liability.

**2. Coverage Extensions**

**a. Supplementary Payments**

We will pay for the "insured":

**(1)** All expenses we incur.

**(2)** Up to $2,000 for cost of bail bonds (including bonds for related traffic law violations) required because of an "accident" we cover. We do not have to furnish these bonds.

**(3)** The cost of bonds to release attachments in any "suit" against the "insured" we defend, but only for bond amounts within our Limit of Insurance.

**(4)** All reasonable expenses incurred by the "insured" at our request, including actual loss of earnings up to $250 a day because of time off from work.

**(5)** All court costs taxed against the "insured" in any "suit" against the "insured" we defend. However, these payments do not include attorneys' fees or attorneys' expenses taxed against the "insured".

**(6)** All interest on the full amount of any judgment that accrues after entry of the judgment in any "suit" against the "insured" we defend, but our duty to pay interest ends when we have paid, offered to pay or deposited in court the part of the judgment that is within our Limit of Insurance.

These payments will not reduce the Limit of Insurance.

**b. Out-of-state Coverage Extensions**

While a covered "auto" is away from the state where it is licensed, we will:

**(1)** Increase the Limit of Insurance for Covered Autos Liability Coverage to meet the limits specified by a compulsory or financial responsibility law of the jurisdiction where the covered "auto" is being used. This extension does not apply to the limit or limits specified by any law governing motor carriers of passengers or property.

**(2)** Provide the minimum amounts and types of other coverages, such as no-fault, required of out-of-state vehicles by the jurisdiction where the covered "auto" is being used.

We will not pay anyone more than once for the same elements of loss because of these extensions.

**B. Exclusions**

This insurance does not apply to any of the following:

**1. Expected Or Intended Injury**

"Bodily injury" or "property damage" expected or intended from the standpoint of the "insured".

**2. Contractual**

Liability assumed under any contract or agreement.

But this exclusion does not apply to liability for damages:

**a.** Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement; or

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**b.** That the "insured" would have in the absence of the contract or agreement.

**3. Workers' Compensation**

Any obligation for which the "insured" or the "insured's" insurer may be held liable under any workers' compensation, disability benefits or unemployment compensation law or any similar law.

**4. Employee Indemnification And Employer's Liability**

"Bodily injury" to:

**a.** An "employee" of the "insured" arising out of and in the course of:

**(1)** Employment by the "insured"; or

**(2)** Performing the duties related to the conduct of the "insured's" business; or

**b.** The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph **a.** above.

This exclusion applies:

**(1)** Whether the "insured" may be liable as an employer or in any other capacity; and

**(2)** To any obligation to share damages with or repay someone else who must pay damages because of the injury.

But this exclusion does not apply to "bodily injury" to domestic "employees" not entitled to workers' compensation benefits or to liability assumed by the "insured" under an "insured contract". For the purposes of the Coverage Form, a domestic "employee" is a person engaged in household or domestic work performed principally in connection with a residence premises.

**5. Fellow Employee**

"Bodily injury" to:

**a.** Any fellow "employee" of the "insured" arising out of and in the course of the fellow "employee's" employment or while performing duties related to the conduct of your business; or

**b.** The spouse, child, parent, brother or sister of that fellow "employee" as a consequence of Paragraph **a.** above.

**6. Care, Custody Or Control**

"Property damage" to or "covered pollution cost or expense" involving property owned or transported by the "insured" or in the "insured's" care, custody or control. But this exclusion does not apply to liability assumed under a sidetrack agreement.

**7. Handling Of Property**

"Bodily injury" or "property damage" resulting from the handling of property:

**a.** Before it is moved from the place where it is accepted by the "insured" for movement into or onto the covered "auto"; or

**b.** After it is moved from the covered "auto" to the place where it is finally delivered by the "insured".

**8. Movement Of Property By Mechanical Device**

"Bodily injury" or "property damage" resulting from the movement of property by a mechanical device (other than a hand truck) unless the device is attached to the covered "auto".

**9. Operations**

"Bodily injury" or "property damage" arising out of the operation of:

**a.** Any equipment listed in Paragraphs **6.b.** and **6.c.** of the definition of "mobile equipment"; or

**b.** Machinery or equipment that is on, attached to or part of a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

**10. Completed Operations**

"Bodily injury" or "property damage" arising out of your work after that work has been completed or abandoned.

In this exclusion, your work means:

**a.** Work or operations performed by you or on your behalf; and

**b.** Materials, parts or equipment furnished in connection with such work or operations.

Your work includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in Paragraph **a.** or **b.** above.

Your work will be deemed completed at the earliest of the following times:

**(1)** When all of the work called for in your contract has been completed;

**(2)** When all of the work to be done at the site has been completed if your contract calls for work at more than one site; or

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**(3)** When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

**11. Pollution**

"Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

**a.** That are, or that are contained in any property that is:

**(1)** Being transported or towed by, handled or handled for movement into, onto or from the covered "auto";

**(2)** Otherwise in the course of transit by or on behalf of the "insured"; or

**(3)** Being stored, disposed of, treated or processed in or upon the covered "auto";

**b.** Before the "pollutants" or any property in which the "pollutants" are contained are moved from the place where they are accepted by the "insured" for movement into or onto the covered "auto"; or

**c.** After the "pollutants" or any property in which the "pollutants" are contained are moved from the covered "auto" to the place where they are finally delivered, disposed of or abandoned by the "insured".

Paragraph **a.** above does not apply to fuels, lubricants, fluids, exhaust gases or other similar "pollutants" that are needed for or result from the normal electrical, hydraulic or mechanical functioning of the covered "auto" or its parts if:

**(1)** The "pollutants" escape, seep, migrate or are discharged, dispersed or released directly from an "auto" part designed by its manufacturer to hold, store, receive or dispose of such "pollutants"; and

**(2)** The "bodily injury", "property damage" or "covered pollution cost or expense" does not arise out of the operation of any equipment listed in Paragraphs **6.b.** and **6.c.** of the definition of "mobile equipment".

Paragraphs **b.** and **c.** above of this exclusion do not apply to "accidents" that occur away from premises owned by or rented to an "insured" with respect to "pollutants" not in or upon a covered "auto" if:

**(a)** The "pollutants" or any property in which the "pollutants" are contained are upset, overturned or damaged as a result of the maintenance or use of a covered "auto"; and

**(b)** The discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused directly by such upset, overturn or damage.

**12. War**

"Bodily injury" or "property damage" arising directly or indirectly out of:

**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.

**13. Racing**

Covered "autos" while used in any professional or organized racing or demolition contest or stunting activity, or while practicing for such contest or activity. This insurance also does not apply while that covered "auto" is being prepared for such a contest or activity.

**14. Unmanned Aircraft**

"Bodily injury" or "property damage" arising out of the ownership, maintenance or use of "unmanned aircraft".

**C. Limit Of Insurance**

Regardless of the number of covered "autos", "insureds", premiums paid, claims made or vehicles involved in the "accident", the most we will pay for the total of all damages and "covered pollution cost or expense" combined resulting from any one "accident" is the Limit Of Insurance for Covered Autos Liability Coverage shown in the Declarations.

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All "bodily injury", "property damage" and "covered pollution cost or expense" resulting from continuous or repeated exposure to substantially the same conditions will be considered as resulting from one "accident".

No one will be entitled to receive duplicate payments for the same elements of "loss" under this Coverage Form and any Medical Payments Coverage endorsement, Uninsured Motorists Coverage endorsement or Underinsured Motorists Coverage endorsement attached to this Coverage Part.

## SECTION III – PHYSICAL DAMAGE COVERAGE

### A. Coverage

**1.** We will pay for "loss" to a covered "auto" or its equipment under:

**a. Comprehensive Coverage**

From any cause except:

**(1)** The covered "auto's" collision with another object; or

**(2)** The covered "auto's" overturn.

**b. Specified Causes Of Loss Coverage**

Caused by:

**(1)** Fire, lightning or explosion;

**(2)** Theft;

**(3)** Windstorm, hail or earthquake;

**(4)** Flood;

**(5)** Mischief or vandalism; or

**(6)** The sinking, burning, collision or derailment of any conveyance transporting the covered "auto".

**c. Collision Coverage**

Caused by:

**(1)** The covered "auto's" collision with another object; or

**(2)** The covered "auto's" overturn.

**2. Towing And Labor**

We will pay up to the limit shown in the Declarations for towing and labor costs incurred each time a covered "auto" that is a private passenger type, light truck or medium truck is disabled. However, the labor must be performed at the place of disablement.

**3. Glass Breakage – Hitting A Bird Or Animal – Falling Objects Or Missiles**

If you carry Comprehensive Coverage for the damaged covered "auto", we will pay for the following under Comprehensive Coverage:

**a.** Glass breakage;

**b.** "Loss" caused by hitting a bird or animal; and

**c.** "Loss" caused by falling objects or missiles.

However, you have the option of having glass breakage caused by a covered "auto's" collision or overturn considered a "loss" under Collision Coverage.

**4. Coverage Extensions**

**a. Transportation Expenses**

We will pay up to $30 per day, to a maximum of $900, for temporary transportation expense incurred by you because of the total theft of a covered "auto" of the private passenger type. We will pay only for those covered "autos" for which you carry either Comprehensive or Specified Causes Of Loss Coverage. We will pay for temporary transportation expenses incurred during the period beginning 48 hours after the theft and ending, regardless of the Policy's expiration, when the covered "auto" is returned to use or we pay for its "loss".

**b. Loss Of Use Expenses**

For Hired Auto Physical Damage, we will pay expenses for which an "insured" becomes legally responsible to pay for loss of use of a vehicle rented or hired without a driver under a written rental contract or agreement. We will pay for loss of use expenses if caused by:

**(1)** Other than collision only if the Declarations indicates that Comprehensive Coverage is provided for any covered "auto";

**(2)** Specified Causes of Loss only if the Declarations indicates that Specified Causes Of Loss Coverage is provided for any covered "auto"; or

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**(3)** Collision only if the Declarations indicates that Collision Coverage is provided for any covered "auto".

However, the most we will pay for any expenses for loss of use is $30 per day, to a maximum of $900.

**B. Exclusions**

**1.** We will not pay for "loss" caused by or resulting from any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss".

**a. Nuclear Hazard**

**(1)** The explosion of any weapon employing atomic fission or fusion; or

**(2)** Nuclear reaction or radiation, or radioactive contamination, however caused.

**b. War Or Military Action**

**(1)** War, including undeclared or civil war;

**(2)** 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

**(3)** Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

**2.** We will not pay for "loss" to any covered "auto" while used in any professional or organized racing or demolition contest or stunting activity, or while practicing for such contest or activity. We will also not pay for "loss" to any covered "auto" while that covered "auto" is being prepared for such a contest or activity.

**3.** We will not pay for "loss" due and confined to:

**a.** Wear and tear, freezing, mechanical or electrical breakdown.

**b.** Blowouts, punctures or other road damage to tires.

This exclusion does not apply to such "loss" resulting from the total theft of a covered "auto".

**4.** We will not pay for "loss" to any of the following:

**a.** Tapes, records, discs or other similar audio, visual or data electronic devices designed for use with audio, visual or data electronic equipment.

**b.** Any device designed or used to detect speed-measuring equipment, such as radar or laser detectors, and any jamming apparatus intended to elude or disrupt speed-measuring equipment.

**c.** Any electronic equipment, without regard to whether this equipment is permanently installed, that reproduces, receives or transmits audio, visual or data signals.

**d.** Any accessories used with the electronic equipment described in Paragraph **c.** above.

**5.** Exclusions **4.c.** and **4.d.** do not apply to equipment designed to be operated solely by use of the power from the "auto's" electrical system that, at the time of "loss", is:

**a.** Permanently installed in or upon the covered "auto";

**b.** Removable from a housing unit which is permanently installed in or upon the covered "auto";

**c.** An integral part of the same unit housing any electronic equipment described in Paragraphs **a.** and **b.** above; or

**d.** Necessary for the normal operation of the covered "auto" or the monitoring of the covered "auto's" operating system.

**6.** We will not pay for "loss" to a covered "auto" due to "diminution in value".

**C. Limits Of Insurance**

**1.** The most we will pay for:

**a.** "Loss" to any one covered "auto" is the lesser of:

**(1)** The actual cash value of the damaged or stolen property as of the time of the "loss"; or

**(2)** The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality.


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**b.** All electronic equipment that reproduces, receives or transmits audio, visual or data signals in any one "loss" is $1,000, if, at the time of "loss", such electronic equipment is:

**(1)** Permanently installed in or upon the covered "auto" in a housing, opening or other location that is not normally used by the "auto" manufacturer for the installation of such equipment;

**(2)** Removable from a permanently installed housing unit as described in Paragraph **b.(1)** above; or

**(3)** An integral part of such equipment as described in Paragraphs **b.(1)** and **b.(2)** above.

**2.** An adjustment for depreciation and physical condition will be made in determining actual cash value in the event of a total "loss".

**3.** If a repair or replacement results in better than like kind or quality, we will not pay for the amount of the betterment.

**D. Deductible**

For each covered "auto", our obligation to pay for, repair, return or replace damaged or stolen property will be reduced by the applicable deductible shown in the Declarations prior to the application of the Limit Of Insurance, provided that:

**1.** The Comprehensive or Specified Causes Of Loss Coverage deductible applies only to "loss" caused by:

**a.** Theft or mischief or vandalism; or

**b.** All perils.

**2.** Regardless of the number of covered "autos" damaged or stolen, the maximum deductible applicable for all "loss" in any one event caused by:

**a.** Theft or mischief or vandalism; or

**b.** All perils,

will be equal to five times the highest deductible applicable to any one covered "auto" on the Policy for Comprehensive or Specified Causes Of Loss Coverage. The application of the highest deductible used to calculate the maximum deductible will be made regardless of which covered "autos" were damaged or stolen in the "loss".

## SECTION IV – BUSINESS AUTO CONDITIONS

The following conditions apply in addition to the Common Policy Conditions:

**A. Loss Conditions**

**1. Appraisal For Physical Damage Loss**

If you and we disagree on the amount of "loss", either may demand an appraisal of the "loss". In this event, each party will select a competent appraiser. The two appraisers will select a competent and impartial umpire. The appraisers will state separately the actual cash value and amount of "loss". If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

**a.** Pay its chosen appraiser; and

**b.** Bear the other expenses of the appraisal and umpire equally.

If we submit to an appraisal, we will still retain our right to deny the claim.

**2. Duties In The Event Of Accident, Claim, Suit Or Loss**

We have no duty to provide coverage under this Policy unless there has been full compliance with the following duties:

**a.** In the event of "accident", claim, "suit" or "loss", you must give us or our authorized representative prompt notice of the "accident" or "loss". Include:

**(1)** How, when and where the "accident" or "loss" occurred;

**(2)** The "insured's" name and address; and

**(3)** To the extent possible, the names and addresses of any injured persons and witnesses.

**b.** Additionally, you and any other involved "insured" must:

**(1)** Assume no obligation, make no payment or incur no expense without our consent, except at the "insured's" own cost.

**(2)** Immediately send us copies of any request, demand, order, notice, summons or legal paper received concerning the claim or "suit".

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(3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit".

(4) Authorize us to obtain medical records or other pertinent information.

(5) Submit to examination, at our expense, by physicians of our choice, as often as we reasonably require.

c. If there is "loss" to a covered "auto" or its equipment, you must also do the following:

(1) Promptly notify the police if the covered "auto" or any of its equipment is stolen.

(2) Take all reasonable steps to protect the covered "auto" from further damage. Also keep a record of your expenses for consideration in the settlement of the claim.

(3) Permit us to inspect the covered "auto" and records proving the "loss" before its repair or disposition.

(4) Agree to examinations under oath at our request and give us a signed statement of your answers.

**3. Legal Action Against Us**

No one may bring a legal action against us under this Coverage Form until:

a. There has been full compliance with all the terms of this Coverage Form; and

b. Under Covered Autos Liability Coverage, we agree in writing that the "insured" has an obligation to pay or until the amount of that obligation has finally been determined by judgment after trial. No one has the right under this Policy to bring us into an action to determine the "insured's" liability.

**4. Loss Payment – Physical Damage Coverages**

At our option, we may:

a. Pay for, repair or replace damaged or stolen property;

b. Return the stolen property, at our expense. We will pay for any damage that results to the "auto" from the theft; or

c. Take all or any part of the damaged or stolen property at an agreed or appraised value.

If we pay for the "loss", our payment will include the applicable sales tax for the damaged or stolen property.

**5. Transfer Of Rights Of Recovery Against Others To Us**

If any person or organization to or for whom we make payment under this Coverage Form has rights to recover damages from another, those rights are transferred to us. That person or organization must do everything necessary to secure our rights and must do nothing after "accident" or "loss" to impair them.

**B. General Conditions**

**1. Bankruptcy**

Bankruptcy or insolvency of the "insured" or the "insured's" estate will not relieve us of any obligations under this Coverage Form.

**2. Concealment, Misrepresentation Or Fraud**

This Coverage Form is void in any case of fraud by you at any time as it relates to this Coverage Form. It is also void if you or any other "insured", at any time, intentionally conceals or misrepresents a material fact concerning:

a. This Coverage Form;

b. The covered "auto";

c. Your interest in the covered "auto"; or

d. A claim under this Coverage Form.

**3. Liberalization**

If we revise this Coverage Form to provide more coverage without additional premium charge, your policy will automatically provide the additional coverage as of the day the revision is effective in your state.

**4. No Benefit To Bailee – Physical Damage Coverages**

We will not recognize any assignment or grant any coverage for the benefit of any person or organization holding, storing or transporting property for a fee regardless of any other provision of this Coverage Form.

**5. Other Insurance**

a. For any covered "auto" you own, this Coverage Form provides primary insurance. For any covered "auto" you don't own, the insurance provided by this Coverage Form is excess over any other collectible insurance. However, while a covered "auto" which is a "trailer" is connected to another vehicle, the Covered Autos Liability Coverage this Coverage Form provides for the "trailer" is:

(1) Excess while it is connected to a motor vehicle you do not own; or


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**(2)** Primary while it is connected to a covered "auto" you own.

**b.** For Hired Auto Physical Damage Coverage, any covered "auto" you lease, hire, rent or borrow is deemed to be a covered "auto" you own. However, any "auto" that is leased, hired, rented or borrowed with a driver is not a covered "auto".

**c.** Regardless of the provisions of Paragraph **a.** above, this Coverage Form's Covered Autos Liability Coverage is primary for any liability assumed under an "insured contract".

**d.** When this Coverage Form and any other Coverage Form or policy covers on the same basis, either excess or primary, we will pay only our share. Our share is the proportion that the Limit of Insurance of our Coverage Form bears to the total of the limits of all the Coverage Forms and policies covering on the same basis.

**6. Premium Audit**

**a.** The estimated premium for this Coverage Form is based on the exposures you told us you would have when this Policy began. We will compute the final premium due when we determine your actual exposures. The estimated total premium will be credited against the final premium due and the first Named Insured will be billed for the balance, if any. The due date for the final premium or retrospective premium is the date shown as the due date on the bill. If the estimated total premium exceeds the final premium due, the first Named Insured will get a refund.

**b.** If this Policy is issued for more than one year, the premium for this Coverage Form will be computed annually based on our rates or premiums in effect at the beginning of each year of the Policy.

**7. Policy Period, Coverage Territory**

Under this Coverage Form, we cover "accidents" and "losses" occurring:

**a.** During the policy period shown in the Declarations; and

**b.** Within the coverage territory.

The coverage territory is:

**(1)** The United States of America;

**(2)** The territories and possessions of the United States of America;

**(3)** Puerto Rico;

**(4)** Canada; and

**(5)** Anywhere else in the world if a covered "auto" of the private passenger type is leased, hired, rented or borrowed without a driver for a period of 30 days or less,

provided that the "insured's" responsibility to pay damages is determined in a "suit" on the merits, in the United States of America, the territories and possessions of the United States of America, Puerto Rico or Canada, or in a settlement we agree to.

We also cover "loss" to, or "accidents" involving, a covered "auto" while being transported between any of these places.

**8. Two Or More Coverage Forms Or Policies Issued By Us**

If this Coverage Form and any other Coverage Form or policy issued to you by us or any company affiliated with us applies to the same "accident", the aggregate maximum Limit of Insurance under all the Coverage Forms or policies shall not exceed the highest applicable Limit of Insurance under any one Coverage Form or policy. This condition does not apply to any Coverage Form or policy issued by us or an affiliated company specifically to apply as excess insurance over this Coverage Form.

## SECTION V – DEFINITIONS

**A.** "Accident" includes continuous or repeated exposure to the same conditions resulting in "bodily injury" or "property damage".

**B.** "Auto" means:

**1.** A land motor vehicle, "trailer" or semitrailer designed for travel on public roads; or

**2.** Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".

**C.** "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these.

**D.** "Covered pollution cost or expense" means any cost or expense arising out of:

**1.** Any request, demand, order or statutory or regulatory requirement that any "insured" or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

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**2.** Any claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

"Covered pollution cost or expense" does not include any cost or expense arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

**a.** That are, or that are contained in any property that is:

**(1)** Being transported or towed by, handled or handled for movement into, onto or from the covered "auto";

**(2)** Otherwise in the course of transit by or on behalf of the "insured"; or

**(3)** Being stored, disposed of, treated or processed in or upon the covered "auto";

**b.** Before the "pollutants" or any property in which the "pollutants" are contained are moved from the place where they are accepted by the "insured" for movement into or onto the covered "auto"; or

**c.** After the "pollutants" or any property in which the "pollutants" are contained are moved from the covered "auto" to the place where they are finally delivered, disposed of or abandoned by the "insured".

Paragraph **a.** above does not apply to fuels, lubricants, fluids, exhaust gases or other similar "pollutants" that are needed for or result from the normal electrical, hydraulic or mechanical functioning of the covered "auto" or its parts, if:

**(1)** The "pollutants" escape, seep, migrate or are discharged, dispersed or released directly from an "auto" part designed by its manufacturer to hold, store, receive or dispose of such "pollutants"; and

**(2)** The "bodily injury", "property damage" or "covered pollution cost or expense" does not arise out of the operation of any equipment listed in Paragraph **6.b.** or **6.c.** of the definition of "mobile equipment".

Paragraphs **b.** and **c.** above do not apply to "accidents" that occur away from premises owned by or rented to an "insured" with respect to "pollutants" not in or upon a covered "auto" if:

**(a)** The "pollutants" or any property in which the "pollutants" are contained are upset, overturned or damaged as a result of the maintenance or use of a covered "auto"; and

**(b)** The discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused directly by such upset, overturn or damage.

**E.** "Diminution in value" means the actual or perceived loss in market value or resale value which results from a direct and accidental "loss".

**F.** "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

**G.** "Insured" means any person or organization qualifying as an insured in the Who Is An Insured provision of the applicable coverage. Except with respect to the Limit of Insurance, the coverage afforded applies separately to each insured who is seeking coverage or against whom a claim or "suit" is brought.

**H.** "Insured contract" means:

**1.** A lease of premises;

**2.** A sidetrack agreement;

**3.** Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;

**4.** An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;

**5.** That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another to pay for "bodily injury" or "property damage" to a third party or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement; or

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6. That part of any contract or agreement entered into, as part of your business, pertaining to the rental or lease, by you or any of your "employees", of any "auto". However, such contract or agreement shall not be considered an "insured contract" to the extent that it obligates you or any of your "employees" to pay for "property damage" to any "auto" rented or leased by you or any of your "employees".

An "insured contract" does not include that part of any contract or agreement:

a. That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing;

b. That pertains to the loan, lease or rental of an "auto" to you or any of your "employees", if the "auto" is loaned, leased or rented with a driver; or

c. That holds a person or organization engaged in the business of transporting property by "auto" for hire harmless for your use of a covered "auto" over a route or territory that person or organization is authorized to serve by public authority.

**I.** "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

**J.** "Loss" means direct and accidental loss or damage.

**K.** "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

1. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
2. Vehicles maintained for use solely on or next to premises you own or rent;
3. Vehicles that travel on crawler treads;
4. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
   a. Power cranes, shovels, loaders, diggers or drills; or
   b. Road construction or resurfacing equipment such as graders, scrapers or rollers;
5. Vehicles not described in Paragraph **1., 2., 3.** or **4.** above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
   a. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well-servicing equipment; or
   b. Cherry pickers and similar devices used to raise or lower workers; or
6. Vehicles not described in Paragraph **1., 2., 3.** or **4.** above maintained primarily for purposes other than the transportation of persons or cargo. However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":
   a. Equipment designed primarily for:
      (1) Snow removal;
      (2) Road maintenance, but not construction or resurfacing; or
      (3) Street cleaning;
   b. Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
   c. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting or well-servicing equipment.

However, "mobile equipment" does not include land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".

**L.** "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.

**M.** "Property damage" means damage to or loss of use of tangible property.

**N.** "Suit" means a civil proceeding in which:

1. Damages because of "bodily injury" or "property damage"; or
2. A "covered pollution cost or expense";

to which this insurance applies, are alleged.

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"Suit" includes:

**a.** An arbitration proceeding in which such damages or "covered pollution costs or expenses" are claimed and to which the "insured" must submit or does submit with our consent; or

**b.** Any other alternative dispute resolution proceeding in which such damages or "covered pollution costs or expenses" are claimed and to which the insured submits with our consent.

**O.** "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

**P.** "Trailer" includes semitrailer.

**Q.** "Unmanned aircraft" means an aircraft that is not:

**1.** Designed;

**2.** Manufactured; or

**3.** Modified after manufacture;

to be controlled directly by a person from within or on the aircraft.


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

# IDAHO CHANGES

For a covered "auto" licensed or principally garaged in, or "auto dealer operations" conducted in, Idaho, this endorsement modifies insurance provided under the following:

AUTO DEALERS COVERAGE FORM
BUSINESS AUTO COVERAGE FORM
MOTOR CARRIER COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

**A. Changes in Physical Damage Coverage**

When this **Physical Damage Coverage** applies to a "loaned vehicle" that you do not own, the following applies with respect to such "loaned vehicle":

**1.** The **Limits Of Insurance** Provision in Paragraph **C.1.** of the Business Auto and Motor Carrier Coverage Forms and in Paragraph **4.a.** of the Auto Dealers Coverage Form is replaced by the following:

**a.** The most we will pay for:

**(1)** "Loss" to a covered "loaned vehicle" is the lesser of:

**(a)** The reasonable cost of repairing the "loaned vehicle" with other property of like kind and quality; or

**(b)** The owner's actual cost to replace the "loaned vehicle" with other property of like kind and quality.

**2.** The **Limits Of Insurance** Provision in Paragraph **C.2.** of the Business Auto and Motor Carrier Coverage Forms and in Paragraph **4.b.** of the Auto Dealers Coverage Form does not apply to a "loaned vehicle".

**B. Changes In Conditions**

The **Other Insurance** Condition in the Auto Dealers and Business Auto Coverage Forms and the **Other Insurance – Primary And Excess Insurance Provisions** Condition in the Motor Carrier Coverage Form are revised by the addition of the following:

When this Coverage Form and any other Coverage Form or policy providing liability and/or physical damage insurance apply with respect to an "accident" or "loss" involving a "loaned vehicle" and:

**1.** One provides coverage to a licensed seller or dealer that owns the "loaned vehicle"; and

**2.** The other provides coverage to the operator of the "loaned vehicle"; and

**3.** At the time of such "accident" or "loss", the operator's liability and/or physical damage insurance as described in Paragraph **2.** is primary and the licensed seller or dealer's liability and/or physical damage insurance described in Paragraph **1.** is excess over any insurance available to that operator.

**C. Additional Definitions**

As used in this endorsement:

"Loaned vehicle" means a motor vehicle which is provided for temporary use without charge to the operator by a licensed seller or dealer for the purpose of demonstrating the vehicle to the operator as a prospective purchaser, or as a convenience to the operator during the repairing or servicing of a motor vehicle for the operator, regardless of whether such repair or service is performed by the owner of the loaned vehicles or by some other person or business.

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

# EXCLUSION OF TERRORISM

This endorsement modifies insurance provided under the following:

AUTO DEALERS COVERAGE FORM
BUSINESS AUTO COVERAGE FORM
MOTOR CARRIER COVERAGE FORM
SINGLE INTEREST AUTOMOBILE PHYSICAL DAMAGE INSURANCE POLICY

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

**A.** The following definitions are added and apply under this endorsement wherever the term terrorism, or the phrase any injury, damage, loss or expense, is enclosed in quotation marks:

**1.** "Terrorism" means activities against persons, organizations or property of any nature:

**a.** That involve the following or preparation for the following:

**(1)** Use or threat of force or violence; or

**(2)** Commission or threat of a dangerous act; or

**(3)** Commission or threat of an act that interferes with or disrupts an electronic, communication, information or mechanical system; and

**b.** When one or both of the following apply:

**(1)** The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or

**(2)** It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

**2.** "Any injury, damage, loss or expense" means any injury, damage, loss or expense covered under any Coverage Form or Policy to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage", "personal and advertising injury", "loss", loss of use, rental reimbursement after "loss" or "covered pollution cost or expense", as may be defined under this Coverage Form, Policy or any applicable endorsement.

**B.** Except with respect to Physical Damage Coverage, Trailer Interchange Coverage, Garagekeepers Coverage, Garagekeepers Coverage – Customers' Sound Receiving Equipment or the Single Interest Automobile Physical Damage Insurance Policy, the following exclusion is added:

**Exclusion Of Terrorism**

We will not pay for "any injury, damage, loss or expense" caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". "Any injury, damage, loss or expense" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury, damage, loss or expense. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

**1.** The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or

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2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or

3. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or

4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or

5. The total of insured damage to all types of property exceeds $25,000,000. In determining whether the $25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or

6. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:

   **a.** Physical injury that involves a substantial risk of death; or

   **b.** Protracted and obvious physical disfigurement; or

   **c.** Protracted loss of or impairment of the function of a bodily member or organ.

Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the thresholds in Paragraphs **B.5.** and **B.6.** are exceeded.

With respect to this exclusion, Paragraphs **B.5.** and **B.6.** describe the thresholds used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this exclusion will apply to that incident. When the exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Form, Policy or any applicable endorsement.

**C.** With respect to Physical Damage Coverage, Trailer Interchange Coverage, Garagekeepers Coverage, Garagekeepers Coverage – Customers' Sound Receiving Equipment or the Single Interest Automobile Physical Damage Insurance Policy, the following exclusion is added:

**Exclusion Of Terrorism**

We will not pay for any "loss", loss of use or rental reimbursement after "loss" caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

1. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or

2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or

3. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or

4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or

5. The total of insured damage to all types of property exceeds $25,000,000. In determining whether the $25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions.

Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the threshold in Paragraph **C.5.** is exceeded.

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With respect to this exclusion, Paragraph **C.5.** describes the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this exclusion will apply to that incident. When the exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Form, Policy or any applicable endorsement.

**D.** In the event of any incident of "terrorism" that is not subject to the exclusion in Paragraph **B.** or **C.,** coverage does not apply to "any injury, damage, loss or expense" that is otherwise excluded under this Coverage Form, Policy or any applicable endorsement.


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# COMMERCIAL CRIME COVERAGE FORM (LOSS SUSTAINED FORM)

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is or 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. Insuring Agreements**

Coverage is provided under the following Insuring Agreements for which a Limit of Insurance is shown in the Declarations and applies to loss that you sustain resulting directly from an "occurrence" taking place during the Policy Period shown in the Declarations, except as provided in Condition **E.1.k.** or **E.1.l.,** which is "discovered" by you during the Policy Period shown in the Declarations or during the period of time provided in the Extended Period To Discover Loss Condition **E.1.g.:**

**1. Employee Theft**

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from "theft" committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

For the purposes of this Insuring Agreement, "theft" shall also include forgery.

**2. Forgery Or Alteration**

**a.** We will pay for loss resulting directly from "forgery" or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are:

**(1)** Made or drawn by or drawn upon you; or

**(2)** Made or drawn by one acting as your agent;

or that are purported to have been so made or drawn.

For the purposes of this Insuring Agreement, a substitute check as defined in the Check Clearing for the 21st Century Act shall be treated the same as the original it replaced.

**b.** If you are sued for refusing to pay any instrument covered in Paragraph **2.a.,** on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense. The amount that we will pay is in addition to the Limit of Insurance applicable to this Insuring Agreement.

**3. Inside The Premises – Theft Of Money And Securities**

**a.** We will pay for loss of "money" and "securities" inside the "premises" or "banking premises":

**(1)** Resulting directly from "theft" committed by a person present inside such "premises" or "banking premises"; or

**(2)** Resulting directly from disappearance or destruction**.**

**b.** We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "theft" of "money" and "securities", if you are the owner of the "premises" or are liable for damage to it.

**c**. We will pay for loss of or damage to a locked safe, vault, cash register, cash box or cash drawer located inside the "premises" resulting directly from an actual or attempted "theft" of or unlawful entry into those containers.

**4. Inside The Premises – Robbery Or Safe Burglary Of Other Property**

**a.** We will pay for loss of or damage to "other property":

**(1)** Inside the "premises" resulting directly from an actual or attempted "robbery" of a "custodian"; or

**(2)** Inside the "premises" in a safe or vault resulting directly from an actual or attempted "safe burglary".

**b.** We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "robbery" or "safe burglary" of "other property", if you are the owner of the "premises" or are liable for damage to it.

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**c.** We will pay for loss of or damage to a locked safe or vault located inside the "premises" resulting directly from an actual or attempted "robbery" or "safe burglary".

**5. Outside The Premises**

**a.** We will pay for loss of "money" and "securities" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from "theft", disappearance or destruction.

**b.** We will pay for loss of or damage to "other property" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from an actual or attempted "robbery".

**6. Computer Fraud**

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the "premises" or "banking premises":

**a.** To a person (other than a "messenger") outside those "premises"; or

**b.** To a place outside those "premises".

**7. Funds Transfer Fraud**

We will pay for loss of "funds" resulting directly from a "fraudulent instruction" directing a financial institution to transfer, pay or deliver "funds" from your "transfer account".

**8. Money Orders And Counterfeit Money**

We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, "money" or services:

**a.** Money orders issued by any post office, express company or bank that are not paid upon presentation; or

**b.** "Counterfeit money" that is acquired during the regular course of business.

**B. Limit Of Insurance**

The most we will pay for all loss resulting directly from an "occurrence" is the applicable Limit of Insurance shown in the Declarations.

If any loss is covered under more than one Insuring Agreement or Coverage, the most we will pay for such loss shall not exceed the largest Limit of Insurance available under any one of those Insuring Agreements or Coverages.

**C. Deductible**

We will not pay for loss resulting directly from an "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the Declarations. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance.

**D. Exclusions**

**1.** This insurance does not cover:

**a. Acts Committed By You, Your Partners Or Your Members**

Loss resulting from "theft" or any other dishonest act committed by:

**(1)** You; or

**(2)** Any of your partners or "members";

whether acting alone or in collusion with other persons.

**b. Acts Of Employees Learned Of By You Prior To The Policy Period**

Loss caused by an "employee" if the "employee" had also committed "theft" or any other dishonest act prior to the effective date of this insurance and you or any of your partners, "members", "managers", officers, directors or trustees, not in collusion with the "employee", learned of that "theft" or dishonest act prior to the Policy Period shown in the Declarations.

**c. Acts Of Employees, Managers, Directors, Trustees Or Representatives**

Loss resulting from "theft" or any other dishonest act committed by any of your "employees", "managers", directors, trustees or authorized representatives:

**(1)** Whether acting alone or in collusion with other persons; or

**(2)** While performing services for you or otherwise;

except when covered under Insuring Agreement **A.1.**

**d. Confidential Information**

Loss resulting from:

**(1)** The unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, processing methods or customer lists; or


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**(2)** The unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information, credit card information or similar non-public information.

**e. Governmental Action**

Loss resulting from seizure or destruction of property by order of governmental authority.

**f. Indirect Loss**

Loss that is an indirect result of an "occurrence" covered by this insurance including, but not limited to, loss resulting from:

**(1)** Your inability to realize income that you would have realized had there been no loss of or damage to "money", "securities" or "other property".

**(2)** Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this insurance.

**(3)** Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance.

**g. Legal Fees, Costs And Expenses**

Fees, costs and expenses incurred by you which are related to any legal action, except when covered under Insuring Agreement **A.2.**

**h. Nuclear Hazard**

Loss or damage resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

**i. Pollution**

Loss or damage caused by or resulting from pollution. Pollution means the discharge, dispersal, seepage, migration, release or escape of 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.

**j. War And Military Action**

Loss or damage resulting from:

**(1)** War, including undeclared or civil war;

**(2)** 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

**(3)** Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**2.** Insuring Agreement **A.1.** does not cover:

**a. Inventory Shortages**

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

**(1)** An inventory computation; or

**(2)** A profit and loss computation.

However, where you establish wholly apart from such computations that you have sustained a loss, then you may offer your inventory records and actual physical count of inventory in support of the amount of loss claimed.

**b. Trading**

Loss resulting from trading, whether in your name or in a genuine or fictitious account.

**c. Warehouse Receipts**

Loss resulting from the fraudulent or dishonest signing, issuing, canceling or failing to cancel, a warehouse receipt or any papers connected with it.

**3.** Insuring Agreements **A.3., A.4.** and **A.5.** do not cover:

**a. Accounting Or Arithmetical Errors Or Omissions**

Loss resulting from accounting or arithmetical errors or omissions.

**b. Exchanges Or Purchases**

Loss resulting from the giving or surrendering of property in any exchange or purchase.


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**c. Fire**

Loss or damage resulting from fire, however caused, except:

**(1)** Loss of or damage to "money" and "securities"; and

**(2)** Loss from damage to a safe or vault.

**d. Money Operated Devices**

Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

**e. Motor Vehicles Or Equipment And Accessories**

Loss of or damage to motor vehicles, trailers or semi-trailers or equipment and accessories attached to them.

**f. Transfer Or Surrender Of Property**

**(1)** Loss of or damage to property after it has been transferred or surrendered to a person or place outside the "premises" or "banking premises":

**(a)** On the basis of unauthorized instructions;

**(b)** As a result of a threat to do bodily harm to any person;

**(c)** As a result of a threat to do damage to any property;

**(d)** As a result of a threat to introduce a denial of service attack into your computer system;

**(e)** As a result of a threat to introduce a virus or other malicious instruction into your computer system which is designed to damage, destroy or corrupt data or computer programs stored within your computer system;

**(f)** As a result of a threat to contaminate, pollute or render substandard your products or goods; or

**(g)** As a result of a threat to disseminate, divulge or utilize:

**(i)** Your confidential information; or

**(ii)** Weaknesses in the source code within your computer system.

**(2)** But, this Exclusion does not apply under Insuring Agreement **A.5.** to loss of "money", "securities" or "other property" while outside the "premises" in the care and custody of a "messenger" if you:

**(a)** Had no knowledge of any threat at the time the conveyance began; or

**(b)** Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

**g. Vandalism**

Loss from damage to the "premises" or its exterior, or to any safe, vault, cash register, cash box, cash drawer or "other property" by vandalism or malicious mischief.

**h. Voluntary Parting Of Title To Or Possession Of Property**

Loss resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.

**4.** Insuring Agreement **A.6.** does not cover:

**a. Credit Card Transactions**

Loss resulting from the use or purported use of credit, debit, charge, access, convenience, identification, stored-value or other cards or the information contained on such cards.

**b. Funds Transfer Fraud**

Loss resulting from a "fraudulent instruction" directing a financial institution to transfer, pay or deliver "funds" from your "transfer account".

**c. Inventory Shortages**

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

**(1)** An inventory computation; or

**(2)** A profit and loss computation.

**5.** Insuring Agreement **A.7.** does not cover:

**COMPUTER FRAUD**

Loss resulting from the use of any computer to fraudulently cause a transfer of "money", "securities" or "other property".


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## E. Conditions

The following Conditions apply in addition to the Common Policy Conditions:

### 1. Conditions Applicable To All Insuring Agreements

#### a. Additional Premises Or Employees

If, while this insurance is in force, you establish any additional "premises" or hire additional "employees", other than through consolidation or merger with, or purchase or acquisition of assets or liabilities of, another entity, such "premises" and "employees" shall automatically be covered under this insurance. Notice to us of an increase in the number of "premises" or "employees" need not be given and no additional premium need be paid for the remainder of the Policy Period shown in the Declarations.

#### b. Concealment, Misrepresentation Or Fraud

This insurance is void in any case of fraud by you as it relates to this insurance at any time. It is also void if you or any other Insured, at any time, intentionally conceal or misrepresent a material fact concerning:

**(1)** This insurance;

**(2)** The property covered under this insurance;

**(3)** Your interest in the property covered under this insurance; or

**(4)** A claim under this insurance.

#### c. Consolidation – Merger Or Acquisition

If you consolidate or merge with, or purchase or acquire the assets or liabilities of, another entity:

**(1)** You must give us written notice as soon as possible and obtain our written consent to extend the coverage provided by this insurance to such consolidated or merged entity or such purchased or acquired assets or liabilities. We may condition our consent by requiring payment of an additional premium; but

**(2)** For the first 90 days after the effective date of such consolidation, merger or purchase or acquisition of assets or liabilities, the coverage provided by this insurance shall apply to such consolidated or merged entity or such purchased or acquired assets or liabilities, provided that all "occurrences" causing or contributing to a loss involving such consolidation, merger or purchase or acquisition of assets or liabilities, must take place after the effective date of such consolidation, merger or purchase or acquisition of assets or liabilities.

#### d. Cooperation

You must cooperate with us in all matters pertaining to this insurance as stated in its terms and conditions.

#### e. Duties In The Event Of Loss

After you "discover" a loss or a situation that may result in loss of or damage to "money", "securities" or "other property" you must:

**(1)** Notify us as soon as possible. If you have reason to believe that any loss (except for loss covered under Insuring Agreement **A.1.** or **A.2.**) involves a violation of law, you must also notify the local law enforcement authorities.

**(2)** Submit to examination under oath at our request and give us a signed statement of your answers.

**(3)** Produce for our examination all pertinent records.

**(4)** Give us a detailed, sworn proof of loss within 120 days.

**(5)** Cooperate with us in the investigation and settlement of any claim.

#### f. Employee Benefit Plans

**(1)** The "employee benefit plans" shown in the Declarations (hereinafter referred to as Plan) are included as Insureds under Insuring Agreement **A.1.**

**(2)** If any Plan is insured jointly with any other entity under this insurance, you or the Plan Administrator must select a Limit of Insurance for Insuring Agreement **A.1.** that is sufficient to provide a Limit of Insurance for each Plan that is at least equal to that required if each Plan were separately insured.


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**(3)** With respect to loss sustained or "discovered" by any such Plan, Insuring Agreement **A.1.** is replaced by the following:

We will pay for loss of or damage to "funds" and "other property" resulting directly from fraudulent or dishonest acts committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

**(4)** If the first Named Insured is an entity other than a Plan, any payment we make for loss sustained by any Plan will be made to the Plan sustaining the loss.

**(5)** If two or more Plans are insured under this insurance, any payment we make for loss:

**(a)** Sustained by two or more Plans; or

**(b)** Of commingled "funds" or "other property" of two or more Plans;

resulting directly from an "occurrence" will be made to each Plan sustaining loss in the proportion that the Limit of Insurance required for each Plan bears to the total Limit of Insurance of all Plans sustaining loss.

**(6)** The Deductible Amount applicable to Insuring Agreement **A.1.** does not apply to loss sustained by any Plan.

**g. Extended Period To Discover Loss**

We will pay for loss that you sustained prior to the effective date of cancellation of this insurance, which is "discovered" by you:

**(1)** No later than 1 year from the date of that cancellation. However, this extended period to "discover" loss terminates immediately upon the effective date of any other insurance obtained by you, whether from us or another insurer, replacing in whole or in part the coverage afforded under this insurance, whether or not such other insurance provides coverage for loss sustained prior to its effective date.

**(2)** No later than 1 year from the date of that cancellation with regard to any "employee benefit plans".

**h. Joint Insured**

**(1)** If more than one Insured is named in the Declarations, the first Named Insured will act for itself and for every other Insured for all purposes of this insurance. If the first Named Insured ceases to be covered, then the next Named Insured will become the first Named Insured.

**(2)** If any Insured, or partner, "member" or officer of that Insured has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every Insured.

**(3)** An "employee" of any Insured is considered to be an "employee" of every Insured.

**(4)** If this insurance or any of its coverages is cancelled as to any Insured, loss sustained by that Insured is covered only if it is "discovered" by you:

**(a)** No later than 1 year from the date of that cancellation. However, this extended period to "discover" loss terminates immediately upon the effective date of any other insurance obtained by that Insured, whether from us or another insurer, replacing in whole or in part the coverage afforded under this insurance, whether or not such other insurance provides coverage for loss sustained prior to its effective date.

**(b)** No later than 1 year from the date of that cancellation with regard to any "employee benefit plans".

**(5)** We will not pay more for loss sustained by more than one Insured than the amount we would pay if all such loss had been sustained by one Insured.

**(6)** Payment by us to the first Named Insured for loss sustained by any Insured, other than an "employee benefit plan", shall fully release us on account of such loss.

**i. Legal Action Against Us**

You may not bring any legal action against us involving loss:

**(1)** Unless you have complied with all the terms of this insurance;

**(2)** Until 90 days after you have filed proof of loss with us; and

**(3)** Unless brought within 2 years from the date you "discovered" the loss.


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If any limitation in this Condition is prohibited by law, such limitation is amended so as to equal the minimum period of limitation provided by such law.

**j. Liberalization**

If we adopt any revision that would broaden the coverage under this insurance without additional premium within 45 days prior to or during the Policy Period shown in the Declarations, the broadened coverage will immediately apply to this insurance.

**k. Loss Sustained During Prior Insurance Issued By Us Or Any Affiliate**

**(1) Loss Sustained Partly During This Insurance And Partly During Prior Insurance**

If you "discover" loss during the Policy Period shown in the Declarations, resulting directly from an "occurrence" taking place:

**(a)** Partly during the Policy Period shown in the Declarations; and

**(b)** Partly during the Policy Period(s) of any prior cancelled insurance that we or any affiliate issued to you or any predecessor in interest;

and this insurance became effective at the time of cancellation of the prior insurance, we will first settle the amount of loss that you sustained during this Policy Period. We will then settle the remaining amount of loss that you sustained during the Policy Period(s) of the prior insurance.

**(2) Loss Sustained Entirely During Prior Insurance**

If you "discover" loss during the Policy Period shown in the Declarations, resulting directly from an "occurrence" taking place entirely during the Policy Period(s) of any prior cancelled insurance that we or any affiliate issued to you or any predecessor in interest, we will pay for the loss, provided:

**(a)** This insurance became effective at the time of cancellation of the prior insurance; and

**(b)** The loss would have been covered under this insurance had it been in effect at the time of the "occurrence".

We will first settle the amount of loss that you sustained during the most recent prior insurance. We will then settle any remaining amount of loss that you sustained during the Policy Period(s) of any other prior insurance.

**(3)** In settling loss subject to this Condition:

**(a)** The most we will pay for the entire loss is the highest single Limit of Insurance applicable during the period of loss, whether such limit was written under this insurance or was written under the prior insurance issued by us.

**(b)** We will apply the applicable Deductible Amount shown in the Declarations to the amount of loss sustained under this insurance. If no loss was sustained under this insurance, we will apply the Deductible Amount shown in the Declarations to the amount of loss sustained under the most recent prior insurance.

If the Deductible Amount is larger than the amount of loss sustained under this insurance, or the most recent prior insurance, we will apply the remaining Deductible Amount to the remaining amount of loss sustained during the prior insurance.

We will not apply any other Deductible Amount that may have been applicable to the loss.

**(4)** The following examples demonstrate how we will settle losses subject to this Condition **E.1.k.:**

**EXAMPLE NO. 1:**

The insured sustained a covered loss of $10,000 resulting directly from an "occurrence" taking place during the terms of Policy **A** and Policy **B.**

**POLICY A**

The current policy. Written at a Limit of Insurance of $50,000 and a Deductible Amount of $5,000.

**POLICY B**

Issued prior to Policy **A.** Written at a Limit of Insurance of $50,000 and a Deductible Amount of $5,000.

The amount of loss sustained under Policy **A** is $2,500 and under Policy **B** is $7,500.


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The highest single Limit of Insurance applicable to this entire loss is $50,000 written under Policy **A.** The Policy **A** Deductible Amount of $5,000 applies. The loss is settled as follows:

1. The amount of loss sustained under Policy **A** ($2,500) is settled first. The amount we will pay is nil ($0.00) because the amount of loss is less than the Deductible Amount (i.e., $2,500 loss - $5,000 deductible = $0.00).
2. The remaining amount of loss sustained under Policy **B** ($7,500) is settled next. The amount recoverable is $5,000 after the remaining Deductible Amount from Policy **A** of $2,500 is applied to the loss (i.e., $7,500 loss - $2,500 deductible = $5,000).

The most we will pay for this loss is $5,000.

**EXAMPLE NO. 2:**

The insured sustained a covered loss of $250,000 resulting directly from an "occurrence" taking place during the terms of Policy **A** and Policy **B.**

**POLICY A**

The current policy. Written at a Limit of Insurance of $125,000 and a Deductible Amount of $10,000.

**POLICY B**

Issued prior to Policy **A.** Written at a Limit of Insurance of $150,000 and a Deductible Amount of $25,000.

The amount of loss sustained under Policy **A** is $175,000 and under Policy **B** is $75,000.

The highest single Limit of Insurance applicable to this entire loss is $150,000 written under Policy **B.** The Policy **A** Deductible Amount of $10,000 applies. The loss is settled as follows:

1. The amount of loss sustained under Policy **A** ($175,000) is settled first. The amount we will pay is the Policy **A** Limit of $125,000 because $175,000 loss - $10,000 deductible = $165,000 which is greater than the $125,000 policy limit.
2. The remaining amount of loss sustained under Policy **B** ($75,000) is settled next. The amount we will pay is $25,000 (i.e., $150,000 Policy **B** limit - $125,000 paid under Policy **A** = $25,000).

The most we will pay for this loss is $150,000.

**EXAMPLE NO. 3:**

The insured sustained a covered loss of $2,000,000 resulting directly from an "occurrence" taking place during the terms of Policies **A, B, C** and **D.**

**POLICY A**

The current policy. Written at a Limit of Insurance of $1,000,000 and a Deductible Amount of $100,000.

**POLICY B**

Issued prior to Policy **A.** Written at a Limit of Insurance of $750,000 and a Deductible Amount of $75,000.

**POLICY C**

Issued prior to Policy **B.** Written at a Limit of Insurance of $500,000 and a Deductible Amount of $50,000.

**POLICY D**

Issued prior to Policy **C.** Written at a Limit of Insurance of $500,000 and a Deductible Amount of $50,000.

The amount of loss sustained under Policy **A** is $350,000, under Policy **B** is $250,000, under Policy **C** is $600,000 and under Policy **D** is $800,000.

The highest single Limit of Insurance applicable to this entire loss is $1,000,000 written under Policy **A.** The Policy **A** Deductible Amount of $100,000 applies. The loss is settled as follows:

1. The amount of loss sustained under Policy **A** ($350,000) is settled first. The amount we will pay is $250,000 (i.e., $350,000 loss - $100,000 deductible = $250,000).
2. The amount of loss sustained under Policy **B** ($250,000) is settled next. The amount we will pay is $250,000 (no deductible is applied).
3. The amount of loss sustained under Policy **C** ($600,000) is settled next. The amount we will pay is $500,000, the policy limit (no deductible is applied).
4. We will not make any further payment under Policy **D** as the maximum amount payable under the highest single Limit of Insurance applying to the loss of $1,000,000 under Policy **A** has been satisfied.

The most we will pay for this loss is $1,000,000.


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**l. Loss Sustained During Prior Insurance Not Issued By Us Or Any Affiliate**

**(1)** If you "discover" loss during the Policy Period shown in the Declarations, resulting directly from an "occurrence" taking place during the Policy Period of any prior cancelled insurance that was issued to you or a predecessor in interest by another company, and the period of time to discover loss under that insurance had expired, we will pay for the loss under this insurance, provided:

**(a)** This insurance became effective at the time of cancellation of the prior insurance; and

**(b)** The loss would have been covered under this insurance had it been in effect at the time of the "occurrence".

**(2)** In settling loss subject to this Condition:

**(a)** The most we will pay for the entire loss is the lesser of the Limits of Insurance applicable during the period of loss, whether such limit was written under this insurance or was written under the prior cancelled insurance.

**(b)** We will apply the applicable Deductible Amount shown in the Declarations to the amount of loss sustained under the prior cancelled insurance.

**(3)** The insurance provided under this Condition is subject to the following:

**(a)** If loss covered under this Condition is also partially covered under Condition **E.1.k.,** the amount recoverable under this Condition is part of, not in addition to, the amount recoverable under Condition **E.1.k.**

**(b)** For loss covered under this Condition that is not subject to Paragraph **(3)(a),** the amount recoverable under this Condition is part of, not in addition to, the Limit of Insurance applicable to the loss covered under this insurance and is limited to the lesser of the amount recoverable under:

**(i)** This insurance as of its effective date; or

**(ii)** The prior cancelled insurance had it remained in effect.

**m. Other Insurance**

If other valid and collectible insurance is available to you for loss covered under this insurance, our obligations are limited as follows:

**(1) Primary Insurance**

When this insurance is written as primary insurance, and:

**(a)** You have other insurance subject to the same terms and conditions as this insurance, we will pay our share of the covered loss. Our share is the proportion that the applicable Limit of Insurance shown in the Declarations bears to the total limit of all insurance covering the same loss.

**(b)** You have other insurance covering the same loss other than that described in Paragraph **(1)(a),** we will only pay for the amount of loss that exceeds:

**(i)** The Limit of Insurance and Deductible Amount of that other insurance, whether you can collect on it or not; or

**(ii)** The Deductible Amount shown in the Declarations;

whichever is greater. Our payment for loss is subject to the terms and conditions of this insurance.

**(2) Excess Insurance**

**(a)** When this insurance is written excess over other insurance, we will only pay for the amount of loss that exceeds the Limit of Insurance and Deductible Amount of that other insurance, whether you can collect on it or not. Our payment for loss is subject to the terms and conditions of this insurance.

**(b)** However, if loss covered under this insurance is subject to a Deductible, we will reduce the Deductible Amount shown in the Declarations by the sum total of all such other insurance plus any Deductible Amount applicable to that other insurance**.**


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**n. Ownership Of Property; Interests Covered**

The property covered under this insurance is limited to property:

**(1)** That you own or lease; or

**(2)** That you hold for others whether or not you are legally liable for the loss of such property.

However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization. Any claim for loss that is covered under this insurance must be presented by you.

**o. Records**

You must keep records of all property covered under this insurance so we can verify the amount of any loss.

**p. Recoveries**

**(1)** Any recoveries, whether effected before or after any payment under this insurance, whether made by us or you, shall be applied net of the expense of such recovery:

**(a)** First, to you in satisfaction of your covered loss in excess of the amount paid under this insurance;

**(b)** Second, to us in satisfaction of amounts paid in settlement of your claim;

**(c)** Third, to you in satisfaction of any Deductible Amount; and

**(d)** Fourth, to you in satisfaction of any loss not covered under this insurance.

**(2)** Recoveries do not include any recovery:

**(a)** From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or

**(b)** Of original "securities" after duplicates of them have been issued.

**q. Territory**

This insurance covers loss that you sustain resulting directly from an "occurrence" taking place within the United States of America (including its territories and possessions), Puerto Rico and Canada.

**r. Transfer Of Your Rights Of Recovery Against Others To Us**

You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.

**s. Valuation – Settlement**

**(1)** The value of any loss for purposes of coverage under this policy shall be determined as follows:

**(a)** Loss of "money" but only up to and including its face value. We will, at your option, pay for loss of "money" issued by any country other than the United States of America:

**(i)** At face value in the "money" issued by that country; or

**(ii)** In the United States of America dollar equivalent determined by the rate of exchange published in *The Wall Street Journal* on the day the loss was "discovered".

**(b)** Loss of "securities" but only up to and including their value at the close of business on the day the loss was "discovered". We may, at our option:

**(i)** Pay the market value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or

**(ii)** Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

**i.** Market value of the "securities" at the close of business on the day the loss was "discovered"; or

**ii.** The Limit of Insurance applicable to the "securities".


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**(c)** Loss of or damage to "other property" or loss from damage to the "premises" or its exterior for the replacement cost of the property without deduction for depreciation. However, we will not pay more than the least of the following:

**(i)** The cost to replace the lost or damaged property with property of comparable material and quality and used for the same purpose;

**(ii)** The amount you actually spend that is necessary to repair or replace the lost or damaged property; or

**(iii)** The Limit of Insurance applicable to the lost or damaged property.

With regard to Paragraphs **s.(1)(c)(i)** through **s.(1)(c)(iii),** we will not pay on a replacement cost basis for any loss or damage:

**i.** Until the lost or damaged property is actually repaired or replaced; and

**ii.** Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

If the lost or damaged property is not repaired or replaced, we will pay on an actual cash value basis.

**(2)** We will, at your option, settle loss or damage to property other than "money":

**(a)** In the "money" of the country in which the loss or damage occurred; or

**(b)** In the United States of America dollar equivalent of the "money" of the country in which the loss or damage occurred determined by the rate of exchange published in *The Wall Street Journal* on the day the loss was "discovered".

**(3)** Any property that we pay for or replace becomes our property.

**2. Conditions Applicable To Insuring Agreement A.1.**

**a. Termination As To Any Employee**

This Insuring Agreement terminates as to any "employee":

**(1)** As soon as:

**(a)** You; or

**(b)** Any of your partners, "members", "managers", officers, directors, or trustees not in collusion with the "employee";

learn of "theft" or any other dishonest act committed by the "employee" whether before or after becoming employed by you.

**(2)** On the date specified in a notice mailed to the first Named Insured. That date will be at least 30 days after the date of mailing.

We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

**b. Territory**

We will pay for loss caused by any "employee" while temporarily outside the territory specified in the Territory Condition **E.1.q.** for a period of not more than 90 consecutive days.

**3. Conditions Applicable To Insuring Agreement A.2.**

**a. Deductible Amount**

The Deductible Amount does not apply to legal expenses paid under Insuring Agreement **A.2.**

**b. Electronic And Mechanical Signatures**

We will treat signatures that are produced or reproduced electronically, mechanically or by other means the same as handwritten signatures.

**c. Proof Of Loss**

You must include with your proof of loss any instrument involved in that loss, or, if that is not possible, an affidavit setting forth the amount and cause of loss.


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**d. Territory**

We will cover loss that you sustain resulting directly from an "occurrence" taking place anywhere in the world. Territory Condition **E.1.q.** does not apply to Insuring Agreement **A.2.**

**4. Conditions Applicable To Insuring Agreements A.4. And A.5.**

**a. Armored Motor Vehicle Companies**

Under Insuring Agreement **A.5.,** we will only pay for the amount of loss you cannot recover:

**(1)** Under your contract with the armored motor vehicle company; and

**(2)** From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

**b. Special Limit Of Insurance For Specified Property**

We will only pay up to $5,000 for any one "occurrence" of loss of or damage to:

**(1)** Precious metals, precious or semi-precious stones, pearls, furs, or completed or partially completed articles made of or containing such materials that constitute the principal value of such articles; or

**(2)** Manuscripts, drawings, or records of any kind, or the cost of reconstructing them or reproducing any information contained in them.

**5. Conditions Applicable To Insuring Agreement A.6.**

**a. Special Limit Of Insurance For Specified Property**

We will only pay up to $5,000 for any one "occurrence" of loss of or damage to manuscripts, drawings, or records of any kind, or the cost of reconstructing them or reproducing any information contained in them.

**b. Territory**

We will cover loss that you sustain resulting directly from an "occurrence" taking place anywhere in the world. Territory Condition **E.1.q.** does not apply to Insuring Agreement **A.6.**

**F. Definitions**

**1.** "Banking premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.

**2.** "Counterfeit money" means an imitation of "money" that is intended to deceive and to be taken as genuine.

**3.** "Custodian" means you, or any of your partners or "members", or any "employee" while having care and custody of property inside the "premises", excluding any person while acting as a "watchperson" or janitor.

**4.** "Discover" or "discovered" means the time when you first become aware of facts which would cause a reasonable person to assume that a loss of a type covered by this insurance has been or will be incurred, regardless of when the act or acts causing or contributing to such loss occurred, even though the exact amount or details of loss may not then be known.

"Discover" or "discovered" also means the time when you first receive notice of an actual or potential claim in which it is alleged that you are liable to a third party under circumstances which, if true, would constitute a loss under this insurance

**5.** "Employee":

**a.** "Employee" means:

**(1)** Any natural person:

**(a)** While in your service and for the first 30 days immediately after termination of service, unless such termination is due to "theft" or any dishonest act committed by the "employee";

**(b)** Who you compensate directly by salary, wages or commissions; and

**(c)** Who you have the right to direct and control while performing services for you;

**(2)** Any natural person who is furnished temporarily to you:

**(a)** To substitute for a permanent "employee" as defined in Paragraph **a.(1),** who is on leave; or

**(b)** To meet seasonal or short-term work load conditions;

while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the "premises";

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**(3)** Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph **a.(2);**

**(4)** Any natural person who is:

**(a)** A trustee, officer, employee, administrator or manager, except an administrator or manager who is an independent contractor, of any "employee benefit plan"; and

**(b)** A director or trustee of yours while that person is engaged in handling "funds" or "other property" of any "employee benefit plan";

**(5)** Any natural person who is a former "employee", partner, "member", "manager", director or trustee retained as a consultant while performing services for you;

**(6)** Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the "premises";

**(7)** Any "employee" of an entity merged or consolidated with you prior to the effective date of this policy; or

**(8)** Any of your "managers", directors or trustees while:

**(a)** Performing acts within the scope of the usual duties of an "employee"; or

**(b)** Acting as a member of any committee duly elected or appointed by resolution of your board of directors or board of trustees to perform specific, as distinguished from general, directorial acts on your behalf.

**b.** "Employee" does not mean:

Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified in Paragraph **5.a.**

**6.** "Employee benefit plan" means any welfare or pension benefit plan shown in the Declarations that you sponsor and which is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.

**7.** "Forgery" means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.

**8.** "Fraudulent instruction" means:

**a.** An electronic, telegraphic, cable, teletype, telefacsimile or telephone instruction which purports to have been transmitted by you, but which was in fact fraudulently transmitted by someone else without your knowledge or consent;

**b.** A written instruction (other than those described in Insuring Agreement **A.2.**) issued by you, which was forged or altered by someone other than you without your knowledge or consent, or which purports to have been issued by you, but was in fact fraudulently issued without your knowledge or consent; or

**c.** An electronic, telegraphic, cable, teletype, telefacsimile, telephone or written instruction initially received by you which purports to have been transmitted by an "employee" but which was in fact fraudulently transmitted by someone else without your or the "employee's" knowledge or consent.

**9.** "Funds" means "money" and "securities".

**10.** "Manager" means a person serving in a directorial capacity for a limited liability company.

**11.** "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".

**12.** "Messenger" means you, or a relative of yours, or any of your partners or "members", or any "employee" while having care and custody of property outside the "premises".

**13.** "Money" means:

**a.** Currency, coins and bank notes in current use and having a face value; and

**b.** Travelers checks, register checks and money orders held for sale to the public.

**14.** "Occurrence" means:

**a.** Under Insuring Agreement **A.1.:**

**(1)** An individual act;

**(2)** The combined total of all separate acts whether or not related; or


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**(3)** A series of acts whether or not related;

committed by an "employee" acting alone or in collusion with other persons, during the Policy Period shown in the Declarations, except as provided under Condition **E.1.k.** or **E.1.l.**

**b.** Under Insuring Agreement **A.2.:**

**(1)** An individual act;

**(2)** The combined total of all separate acts whether or not related; or

**(3)** A series of acts whether or not related;

committed by a person acting alone or in collusion with other persons, involving one or more instruments, during the Policy Period shown in the Declarations, except as provided under Condition **E.1.k.** or **E.1.l.**

**c.** Under All Other Insuring Agreements:

**(1)** An individual act or event;

**(2)** The combined total of all separate acts or events whether or not related; or

**(3)** A series of acts or events whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations, except as provided under Condition **E.1.k.** or **E.1.l.**

**15.** "Other property" means any tangible property other than "money" and "securities" that has intrinsic value. "Other property" does not include computer programs, electronic data or any property specifically excluded under this insurance.

**16.** "Premises" means the interior of that portion of any building you occupy in conducting your business.

**17.** "Robbery" means the unlawful taking of property from the care and custody of a person by one who has:

**a.** Caused or threatened to cause that person bodily harm; or

**b.** Committed an obviously unlawful act witnessed by that person.

**18.** "Safe burglary" means the unlawful taking of:

**a.** Property from within a locked safe or vault by a person unlawfully entering the safe or vault as evidenced by marks of forcible entry upon its exterior; or

**b.** A safe or vault from inside the "premises".

**19.** "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or property and includes:

**a.** Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and

**b.** Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

**20.** "Theft" means the unlawful taking of property to the deprivation of the Insured.

**21.** "Transfer account" means an account maintained by you at a financial institution from which you can initiate the transfer, payment or delivery of "funds":

**a.** By means of electronic, telegraphic, cable, teletype, telefacsimile or telephone instructions communicated directly through an electronic funds transfer system; or

**b.** By means of written instructions (other than those described in Insuring Agreement **A.2.**) establishing the conditions under which such transfers are to be initiated by such financial institution through an electronic funds transfer system.

**22.** "Watchperson" means any person you retain specifically to have care and custody of property inside the "premises" and who has no other duties.


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

# REPLACE TERRORISM PROVISIONS (APPLICABLE TO CRIME/FIDELITY ONLY)

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
GOVERNMENT CRIME COVERAGE FORM
KIDNAP/RANSOM AND EXTORTION COVERAGE FORM

**A. Any endorsement in this policy that refers to "certified act(s) of terrorism" does not apply to the Commercial Crime Coverage Form, Government Crime Coverage Form or Kidnap/Ransom And Extortion Coverage Form. Instead, the following exclusion applies to such Coverage Forms:**

**EXCLUSION OF TERRORISM**

We will not pay for loss or damage caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

**1.** The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or

**2.** Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or

**3.** The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or

**4.** Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or

**5.** The total of insured damage to all types of property in the United States, its territories and possessions, Puerto Rico and Canada exceeds $25,000,000. In determining whether the $25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions. Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the threshold is exceeded.

With respect to this Item **A.5.,** the immediately preceding paragraph describes the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Form.

**B. Application Of Other Exclusions**

**1.** When the Exclusion Of Terrorism applies in accordance with the terms of Paragraph **A.1.** or **A.2.,** such exclusion applies without regard to the Nuclear Hazard Exclusion in this Coverage Form.


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2. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss or damage which would otherwise be excluded under this Coverage Form, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

**C.** The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.

"Terrorism" means activities against persons, organizations or property of any nature:

1. That involve the following or preparation for the following:
   - **a.** Use or threat of force or violence; or
   - **b.** Commission or threat of a dangerous act; or
   - **c.** Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
2. When one or both of the following applies:
   - **a.** The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
   - **b.** It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.


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

# EXCLUSION – ACCESS OR DISCLOSURE OF CONFIDENTIAL OR PERSONAL INFORMATION AND DATA-RELATED LIABILITY – LIMITED BODILY INJURY EXCEPTION NOT INCLUDED

This endorsement modifies insurance provided under the following:

COMMERCIAL UMBRELLA LIABILITY POLICY

The following exclusion is added to **Paragraph 2. Exclusions** of **Section I – Coverage A – Excess Liability Coverage** and **Paragraph 2. Exclusion** of **Section I – Coverage B – Extended Liability Coverage:**

This insurance does not apply to "injury" or damages arising out of:

**1.** Any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or

**2.** The loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph **1.** or **2.** above.

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.



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# COMMERCIAL GENERAL LIABILITY COVERAGE FORM

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, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section **II** – Who Is An Insured.

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

**SECTION I – COVERAGES**

**COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY**

**1. Insuring Agreement**

**a.** We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

**(1)** The amount we will pay for damages is limited as described in Section **III** – Limits Of Insurance; and

**(2)** Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages **A** or **B** or medical expenses under Coverage **C.**

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages **A** and **B.**

**b.** This insurance applies to "bodily injury" and "property damage" only if:

**(1)** The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";

**(2)** The "bodily injury" or "property damage" occurs during the policy period; and

**(3)** Prior to the policy period, no insured listed under Paragraph **1.** of Section **II** – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

**c.** "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph **1.** of Section **II** – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

**d.** "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph **1.** of Section **II** – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

**(1)** Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;

**(2)** Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or

**(3)** Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

**e.** Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

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**2. Exclusions**

This insurance does not apply to:

**a. Expected Or Intended Injury**

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

**b. Contractual Liability**

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

**(1)** That the insured would have in the absence of the contract or agreement; or

**(2)** Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorneys' fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:

**(a)** Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and

**(b)** Such attorneys' fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

**c. Liquor Liability**

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

**(1)** Causing or contributing to the intoxication of any person;

**(2)** The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

**(3)** Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in:

**(a)** The supervision, hiring, employment, training or monitoring of others by that insured; or

**(b)** Providing or failing to provide transportation with respect to any person that may be under the influence of alcohol;

if the "occurrence" which caused the "bodily injury" or "property damage", involved that which is described in Paragraph **(1), (2)** or **(3)** above.

However, this exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages. For the purposes of this exclusion, permitting a person to bring alcoholic beverages on your premises, for consumption on your premises, whether or not a fee is charged or a license is required for such activity, is not by itself considered the business of selling, serving or furnishing alcoholic beverages.

**d. Workers' Compensation And Similar Laws**

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

**e. Employer's Liability**

"Bodily injury" to:

**(1)** An "employee" of the insured arising out of and in the course of:

**(a)** Employment by the insured; or

**(b)** Performing duties related to the conduct of the insured's business; or

**(2)** The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph **(1)** above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

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**f. Pollution**

**(1)** "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

**(a)** At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:

**(i)** "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;

**(ii)** "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or

**(iii)** "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";

**(b)** At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;

**(c)** Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:

**(i)** Any insured; or

**(ii)** Any person or organization for whom you may be legally responsible; or

**(d)** At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

**(i)** "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

**(ii)** "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or

**(iii)** "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".

**(e)** At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".


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**(2)** Any loss, cost or expense arising out of any:

**(a)** Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

**(b)** Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

**g. Aircraft, Auto Or Watercraft**

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

**(1)** A watercraft while ashore on premises you own or rent;

**(2)** A watercraft you do not own that is:

**(a)** Less than 26 feet long; and

**(b)** Not being used to carry persons or property for a charge;

**(3)** Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;

**(4)** Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

**(5)** "Bodily injury" or "property damage" arising out of:

**(a)** The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged; or

**(b)** The operation of any of the machinery or equipment listed in Paragraph **f.(2)** or **f.(3)** of the definition of "mobile equipment".

**h. Mobile Equipment**

"Bodily injury" or "property damage" arising out of:

**(1)** The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or

**(2)** The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

**i. War**

"Bodily injury" or "property damage", however caused, arising, directly or indirectly, out of:

**(1)** War, including undeclared or civil war;

**(2)** 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

**(3)** Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**j. Damage To Property**

"Property damage" to:

**(1)** Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;

**(2)** Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;

**(3)** Property loaned to you;

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**(4)** Personal property in the care, custody or control of the insured;

**(5)** That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or

**(6)** That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs **(1), (3)** and **(4)** of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of seven or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section **III** – Limits Of Insurance.

Paragraph **(2)** of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs **(3), (4), (5)** and **(6)** of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph **(6)** of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

**k. Damage To Your Product**

"Property damage" to "your product" arising out of it or any part of it.

**l. Damage To Your Work**

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

**m. Damage To Impaired Property Or Property Not Physically Injured**

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

**(1)** A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or

**(2)** A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

**n. Recall Of Products, Work Or Impaired Property**

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

**(1)** "Your product";

**(2)** "Your work"; or

**(3)** "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

**o. Personal And Advertising Injury**

"Bodily injury" arising out of "personal and advertising injury".

**p. Electronic Data**

Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

However, this exclusion does not apply to liability for damages because of "bodily injury".

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

**q. Recording And Distribution Of Material Or Information In Violation Of Law**

"Bodily injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

**(1)** The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;

**(2)** The CAN-SPAM Act of 2003, including any amendment of or addition to such law;

**(3)** The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or

**(4)** Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

Exclusions **c.** through **n.** do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section **III** – Limits Of Insurance.

**COVERAGE B – PERSONAL AND ADVERTISING INJURY LIABILITY**

**1. Insuring Agreement**

**a.** We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:

**(1)** The amount we will pay for damages is limited as described in Section **III** – Limits Of Insurance; and

**(2)** Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages **A** or **B** or medical expenses under Coverage **C.**

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages **A** and **B.**

**b.** This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

**2. Exclusions**

This insurance does not apply to:

**a. Knowing Violation Of Rights Of Another**

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

**b. Material Published With Knowledge Of Falsity**

"Personal and advertising injury" arising out of oral or written publication, in any manner, of material, if done by or at the direction of the insured with knowledge of its falsity.

**c. Material Published Prior To Policy Period**

"Personal and advertising injury" arising out of oral or written publication, in any manner, of material whose first publication took place before the beginning of the policy period.

**d. Criminal Acts**

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

**e. Contractual Liability**

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

**f. Breach Of Contract**

"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

**g. Quality Or Performance Of Goods – Failure To Conform To Statements**

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

**h. Wrong Description Of Prices**

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

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**i. Infringement Of Copyright, Patent, Trademark Or Trade Secret**

"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your "advertisement".

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

**j. Insureds In Media And Internet Type Businesses**

"Personal and advertising injury" committed by an insured whose business is:

**(1)** Advertising, broadcasting, publishing or telecasting;

**(2)** Designing or determining content of web sites for others; or

**(3)** An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **14.a., b.** and **c.** of "personal and advertising injury" under the Definitions section.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

**k. Electronic Chatrooms Or Bulletin Boards**

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

**l. Unauthorized Use Of Another's Name Or Product**

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

**m. Pollution**

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

**n. Pollution-related**

Any loss, cost or expense arising out of any:

**(1)** Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

**(2)** Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

**o. War**

"Personal and advertising injury", however caused, arising, directly or indirectly, out of:

**(1)** War, including undeclared or civil war;

**(2)** 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

**(3)** Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**p. Recording And Distribution Of Material Or Information In Violation Of Law**

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

**(1)** The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;

**(2)** The CAN-SPAM Act of 2003, including any amendment of or addition to such law;

**(3)** The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or

**(4)** Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

## COVERAGE C – MEDICAL PAYMENTS

**1. Insuring Agreement**

**a.** We will pay medical expenses as described below for "bodily injury" caused by an accident:

**(1)** On premises you own or rent;

**(2)** On ways next to premises you own or rent; or

**(3)** Because of your operations;

provided that:

**(a)** The accident takes place in the "coverage territory" and during the policy period;

**(b)** The expenses are incurred and reported to us within one year of the date of the accident; and

**(c)** The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

**b.** We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

**(1)** First aid administered at the time of an accident;

**(2)** Necessary medical, surgical, X-ray and dental services, including prosthetic devices; and

**(3)** Necessary ambulance, hospital, professional nursing and funeral services.

**2. Exclusions**

We will not pay expenses for "bodily injury":

**a. Any Insured**

To any insured, except "volunteer workers".

**b. Hired Person**

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

**c. Injury On Normally Occupied Premises**

To a person injured on that part of premises you own or rent that the person normally occupies.

**d. Workers' Compensation And Similar Laws**

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

**e. Athletics Activities**

To a person injured while practicing, instructing or participating in any physical exercises or games, sports, or athletic contests.

**f. Products-Completed Operations Hazard**

Included within the "products-completed operations hazard".

**g. Coverage A Exclusions**

Excluded under Coverage **A.**

## SUPPLEMENTARY PAYMENTS – COVERAGES A AND B

**1.** We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

**a.** All expenses we incur.

**b.** Up to $250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.

**c.** The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.

**d.** All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to $250 a day because of time off from work.

**e.** All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.

**f.** Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

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**g.** All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

**2.** If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:

**a.** The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";

**b.** This insurance applies to such liability assumed by the insured;

**c.** The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";

**d.** The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;

**e.** The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and

**f.** The indemnitee:

**(1)** Agrees in writing to:

**(a)** Cooperate with us in the investigation, settlement or defense of the "suit";

**(b)** Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";

**(c)** Notify any other insurer whose coverage is available to the indemnitee; and

**(d)** Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

**(2)** Provides us with written authorization to:

**(a)** Obtain records and other information related to the "suit"; and

**(b)** Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph **2.b.(2)** of Section **I** – Coverage **A** – Bodily Injury And Property Damage Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when we have used up the applicable limit of insurance in the payment of judgments or settlements or the conditions set forth above, or the terms of the agreement described in Paragraph **f.** above, are no longer met.

**SECTION II – WHO IS AN INSURED**

**1.** If you are designated in the Declarations as:

**a.** An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.

**b.** A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.

**c.** A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.

**d.** An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

**e.** A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

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**2.** Each of the following is also an insured:

**a.** Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:

**(1)** "Bodily injury" or "personal and advertising injury":

**(a)** To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;

**(b)** To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph **(1)(a)** above;

**(c)** For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph **(1)(a)** or **(b)** above; or

**(d)** Arising out of his or her providing or failing to provide professional health care services.

**(2)** "Property damage" to property:

**(a)** Owned, occupied or used by;

**(b)** Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by;

you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

**b.** Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.

**c.** Any person or organization having proper temporary custody of your property if you die, but only:

**(1)** With respect to liability arising out of the maintenance or use of that property; and

**(2)** Until your legal representative has been appointed.

**d.** Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.

**3.** Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:

**a.** Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;

**b.** Coverage **A** does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and

**c.** Coverage **B** does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

**SECTION III – LIMITS OF INSURANCE**

**1.** The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:

**a.** Insureds;

**b.** Claims made or "suits" brought; or

**c.** Persons or organizations making claims or bringing "suits".

**2.** The General Aggregate Limit is the most we will pay for the sum of:

**a.** Medical expenses under Coverage **C;**

**b.** Damages under Coverage **A,** except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and

**c.** Damages under Coverage **B.**

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3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage **A** for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".

4. Subject to Paragraph **2.** above, the Personal And Advertising Injury Limit is the most we will pay under Coverage **B** for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.

5. Subject to Paragraph **2.** or **3.** above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:

   **a.** Damages under Coverage **A;** and

   **b.** Medical expenses under Coverage **C**

   because of all "bodily injury" and "property damage" arising out of any one "occurrence".

6. Subject to Paragraph **5.** above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage **A** for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.

7. Subject to Paragraph **5.** above, the Medical Expense Limit is the most we will pay under Coverage **C** for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

## SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS

1. **Bankruptcy**

   Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. **Duties In The Event Of Occurrence, Offense, Claim Or Suit**

   **a.** You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

   **(1)** How, when and where the "occurrence" or offense took place;

   **(2)** The names and addresses of any injured persons and witnesses; and

   **(3)** The nature and location of any injury or damage arising out of the "occurrence" or offense.

   **b.** If a claim is made or "suit" is brought against any insured, you must:

   **(1)** Immediately record the specifics of the claim or "suit" and the date received; and

   **(2)** Notify us as soon as practicable.

   You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

   **c.** You and any other involved insured must:

   **(1)** Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";

   **(2)** Authorize us to obtain records and other information;

   **(3)** Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and

   **(4)** Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

   **d.** No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. **Legal Action Against Us**

   No person or organization has a right under this Coverage Part:

   **a.** To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or

   **b.** To sue us on this Coverage Part unless all of its terms have been fully complied with.

   A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

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**4. Other Insurance**

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages **A** or **B** of this Coverage Part, our obligations are limited as follows:

**a. Primary Insurance**

This insurance is primary except when Paragraph **b.** below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in Paragraph **c.** below.

**b. Excess Insurance**

**(1)** This insurance is excess over:

**(a)** Any of the other insurance, whether primary, excess, contingent or on any other basis:

**(i)** That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";

**(ii)** That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;

**(iii)** That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or

**(iv)** If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion **g.** of Section **I** – Coverage **A** – Bodily Injury And Property Damage Liability.

**(b)** Any other primary insurance available to you covering liability for damages arising out of the premises or operations, or the products and completed operations, for which you have been added as an additional insured.

**(2)** When this insurance is excess, we will have no duty under Coverages **A** or **B** to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

**(3)** When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

**(a)** The total amount that all such other insurance would pay for the loss in the absence of this insurance; and

**(b)** The total of all deductible and self-insured amounts under all that other insurance.

**(4)** We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

**c. Method Of Sharing**

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

**5. Premium Audit**

**a.** We will compute all premiums for this Coverage Part in accordance with our rules and rates.

**b.** Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.

**c.** The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

**6. Representations**

By accepting this policy, you agree:

**a.** The statements in the Declarations are accurate and complete;

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**b.** Those statements are based upon representations you made to us; and

**c.** We have issued this policy in reliance upon your representations.

**7. Separation Of Insureds**

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

**a.** As if each Named Insured were the only Named Insured; and

**b.** Separately to each insured against whom claim is made or "suit" is brought.

**8. Transfer Of Rights Of Recovery Against Others To Us**

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

**9. When We Do Not Renew**

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

**SECTION V – DEFINITIONS**

**1.** "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:

**a.** Notices that are published include material placed on the Internet or on similar electronic means of communication; and

**b.** Regarding web sites, only that part of a web site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.

**2.** "Auto" means:

**a.** A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or

**b.** Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".

**3.** "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

**4.** "Coverage territory" means:

**a.** The United States of America (including its territories and possessions), Puerto Rico and Canada;

**b.** International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph **a.** above; or

**c.** All other parts of the world if the injury or damage arises out of:

**(1)** Goods or products made or sold by you in the territory described in Paragraph **a.** above;

**(2)** The activities of a person whose home is in the territory described in Paragraph **a.** above, but is away for a short time on your business; or

**(3)** "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication;

provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in Paragraph **a.** above or in a settlement we agree to.

**5.** "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

**6.** "Executive officer" means a person holding any of the officer positions created by your charter, constitution, bylaws or any other similar governing document.

**7.** "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.

**8.** "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:

**a.** It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or

**b.** You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by the repair, replacement, adjustment or removal of "your product" or "your work" or your fulfilling the terms of the contract or agreement.

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**9.** "Insured contract" means:

**a.** A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";

**b.** A sidetrack agreement;

**c.** Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;

**d.** An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;

**e.** An elevator maintenance agreement;

**f.** That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph **f.** does not include that part of any contract or agreement:

**(1)** That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;

**(2)** That indemnifies an architect, engineer or surveyor for injury or damage arising out of:

**(a)** Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or

**(b)** Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or

**(3)** Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in **(2)** above and supervisory, inspection, architectural or engineering activities.

**10.** "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

**11.** "Loading or unloading" means the handling of property:

**a.** After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";

**b.** While it is in or on an aircraft, watercraft or "auto"; or

**c.** While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

**12.** "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

**a.** Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;

**b.** Vehicles maintained for use solely on or next to premises you own or rent;

**c.** Vehicles that travel on crawler treads;

**d.** Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:

**(1)** Power cranes, shovels, loaders, diggers or drills; or

**(2)** Road construction or resurfacing equipment such as graders, scrapers or rollers;

**e.** Vehicles not described in Paragraph **a., b., c.** or **d.** above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

**(1)** Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or

**(2)** Cherry pickers and similar devices used to raise or lower workers;

**f.** Vehicles not described in Paragraph **a., b., c.** or **d.** above maintained primarily for purposes other than the transportation of persons or cargo.

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However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

**(1)** Equipment designed primarily for:

**(a)** Snow removal;

**(b)** Road maintenance, but not construction or resurfacing; or

**(c)** Street cleaning;

**(2)** Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

**(3)** Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

However, "mobile equipment" does not include any land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".

**13.** "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

**14.** "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

**a.** False arrest, detention or imprisonment;

**b.** Malicious prosecution;

**c.** The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;

**d.** Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;

**e.** Oral or written publication, in any manner, of material that violates a person's right of privacy;

**f.** The use of another's advertising idea in your "advertisement"; or

**g.** Infringing upon another's copyright, trade dress or slogan in your "advertisement".

**15.** "Pollutants" mean 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.

**16.** "Products-completed operations hazard":

**a.** Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

**(1)** Products that are still in your physical possession; or

**(2)** Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:

**(a)** When all of the work called for in your contract has been completed.

**(b)** When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.

**(c)** When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

**b.** Does not include "bodily injury" or "property damage" arising out of:

**(1)** The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;

**(2)** The existence of tools, uninstalled equipment or abandoned or unused materials; or

**(3)** Products or operations for which the classification, listed in the Declarations or in a policy Schedule, states that products-completed operations are subject to the General Aggregate Limit.

**17.** "Property damage" means:

**a.** Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or

**b.** Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

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As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

**18.** "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

**a.** An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or

**b.** Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

**19.** "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

**20.** "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

**21.** "Your product":

**a.** Means:

**(1)** Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

**(a)** You;

**(b)** Others trading under your name; or

**(c)** A person or organization whose business or assets you have acquired; and

**(2)** Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

**b.** Includes:

**(1)** Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and

**(2)** The providing of or failure to provide warnings or instructions.

**c.** Does not include vending machines or other property rented to or located for the use of others but not sold.

**22.** "Your work":

**a.** Means:

**(1)** Work or operations performed by you or on your behalf; and

**(2)** Materials, parts or equipment furnished in connection with such work or operations.

**b.** Includes:

**(1)** Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and

**(2)** The providing of or failure to provide warnings or instructions.

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# ADDITIONAL INSURED – UNIT-OWNERS OF TOWNHOUSE OR HOMEOWNER ASSOCIATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

**Section II – Who Is An Insured** is amended to include as an additional insured each unit-owner, but only with respect to liability as a member of the homeowner or townhouse association shown in the Declarations as a Named Insured. However, no such unit-owner is an additional insured with respect to its liability arising out of the ownership, maintenance, use or repair of:

1. The real property to which the unit-owner has title; or
2. That portion of the premises which is reserved for the unit-owner's exclusive use or occupancy.

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# EXCLUSION – ACCESS OR DISCLOSURE OF CONFIDENTIAL OR PERSONAL INFORMATION AND DATA-RELATED LIABILITY – LIMITED BODILY INJURY EXCEPTION NOT INCLUDED

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

**A.** Exclusion **2.p.** of **Section I – Coverage A – Bodily Injury And Property Damage Liability** is replaced by the following:

**2. Exclusions**

This insurance does not apply to:

**p. Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability**

Damages arising out of:

**(1)** Any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or

**(2)** The loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph **(1)** or **(2)** above.

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

**B.** The following is added to Paragraph **2. Exclusions** of **Section I – Coverage B – Personal And Advertising Injury Liability:**

**2. Exclusions**

This insurance does not apply to:

**Access Or Disclosure Of Confidential Or Personal Information**

"Personal and advertising injury" arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of any access to or disclosure of any person's or organization's confidential or personal information.

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# COMMUNICABLE DISEASE EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

**A.** The following exclusion is added to Paragraph **2. Exclusions** of Section **I – Coverage A – Bodily Injury And Property Damage Liability:**

**2. Exclusions**

This insurance does not apply to:

**Communicable Disease**

"Bodily injury" or "property damage" arising out of the actual or alleged transmission of a communicable disease.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the:

**a.** Supervising, hiring, employing, training or monitoring of others that may be infected with and spread a communicable disease;

**b.** Testing for a communicable disease;

**c.** Failure to prevent the spread of the disease; or

**d.** Failure to report the disease to authorities.

**B.** The following exclusion is added to Paragraph **2. Exclusions** of Section **I – Coverage B – Personal And Advertising Injury Liability:**

**2. Exclusions**

This insurance does not apply to:

**Communicable Disease**

"Personal and advertising injury" arising out of the actual or alleged transmission of a communicable disease.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the:

**a.** Supervising, hiring, employing, training or monitoring of others that may be infected with and spread a communicable disease;

**b.** Testing for a communicable disease;

**c.** Failure to prevent the spread of the disease; or

**d.** Failure to report the disease to authorities.

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# ABUSE OR MOLESTATION EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following exclusion is added to Paragraph **2., Exclusions** of **Section I – Coverage A – Bodily Injury And Property Damage Liability** and Paragraph **2., Exclusions** of **Section I – Coverage B – Personal And Advertising Injury Liability:**

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of:

**1.** The actual or threatened abuse or molestation by anyone of any person while in the care, custody or control of any insured, or

**2.** The negligent:

**a.** Employment;

**b.** Investigation;

**c.** Supervision;

**d.** Reporting to the proper authorities, or failure to so report; or

**e.** Retention;

of a person for whom any insured is or ever was legally responsible and whose conduct would be excluded by Paragraph **1.** above.

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# EMPLOYMENT-RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

**A.** The following exclusion is added to Paragraph **2., Exclusions** of Section **I – Coverage A – Bodily Injury And Property Damage Liability:**

This insurance does not apply to:

"Bodily injury" to:

**(1)** A person arising out of any:

**(a)** Refusal to employ that person;

**(b)** Termination of that person's employment; or

**(c)** Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or

**(2)** The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs **(a), (b),** or **(c)** above is directed.

This exclusion applies:

**(1)** Whether the injury-causing event described in Paragraphs **(a), (b)** or **(c)** above occurs before employment, during employment or after employment of that person;

**(2)** Whether the insured may be liable as an employer or in any other capacity; and

**(3)** To any obligation to share damages with or repay someone else who must pay damages because of the injury.

**B.** The following exclusion is added to Paragraph **2., Exclusions** of Section **I – Coverage B – Personal And Advertising Injury Liability:**

This insurance does not apply to:

"Personal and advertising injury" to:

**(1)** A person arising out of any:

**(a)** Refusal to employ that person;

**(b)** Termination of that person's employment; or

**(c)** Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or

**(2)** The spouse, child, parent, brother or sister of that person as a consequence of "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs **(a), (b),** or **(c)** above is directed.

This exclusion applies:

**(1)** Whether the injury-causing event described in Paragraphs **(a), (b)** or **(c)** above occurs before employment, during employment or after employment of that person;

**(2)** Whether the insured may be liable as an employer or in any other capacity; and

**(3)** To any obligation to share damages with or repay someone else who must pay damages because of the injury.

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# FUNGI OR BACTERIA EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

**A.** The following exclusion is added to Paragraph **2. Exclusions** of **Section I – Coverage A – Bodily Injury And Property Damage Liability:**

**2. Exclusions**

This insurance does not apply to:

**Fungi Or Bacteria**

**a.** "Bodily injury" or "property damage" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

**b.** Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for bodily consumption.

**B.** The following exclusion is added to Paragraph **2. Exclusions** of **Section I – Coverage B – Personal And Advertising Injury Liability:**

**2. Exclusions**

This insurance does not apply to:

**Fungi Or Bacteria**

**a.** "Personal and advertising injury" which would not have taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.

**b.** Any loss, cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

**C.** The following definition is added to the **Definitions** Section:

"Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.

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# CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

**A.** If aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed $100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds $100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

**1.** The act resulted in insured losses in excess of $5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and

**2.** The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

**B.** The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Coverage Part.

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# EXCLUSION OF PUNITIVE DAMAGES RELATED TO A CERTIFIED ACT OF TERRORISM

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

**A.** The following exclusion is added:

This insurance does not apply to:

**TERRORISM PUNITIVE DAMAGES**

Damages arising, directly or indirectly, out of a "certified act of terrorism" that are awarded as punitive damages.

**B.** The following definition is added:

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

**1.** The act resulted in insured losses in excess of $5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and

**2.** The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

**C.** The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Coverage Part.

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# AMENDMENT OF INSURED CONTRACT DEFINITION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

The definition of "insured contract" in the **Definitions** section is replaced by the following:

"Insured contract" means:

**a.** A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";

**b.** A sidetrack agreement;

**c.** Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;

**d.** An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;

**e.** An elevator maintenance agreement;

**f.** That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization, provided the "bodily injury" or "property damage" is caused, in whole or in part, by you or by those acting on your behalf. However, such part of a contract or agreement shall only be considered an "insured contract" to the extent your assumption of the tort liability is permitted by law. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph **f.** does not include that part of any contract or agreement:

**(1)** That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;

**(2)** That indemnifies an architect, engineer or surveyor for injury or damage arising out of:

**(a)** Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or

**(b)** Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or

**(3)** Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in **(2)** above and supervisory, inspection, architectural or engineering activities.

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**Policy Number: HDI55CL0450309-18**

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

# CYBER LIABILITY AND DATA BREACH RESPONSE COVERAGE ENDORSEMENT

**THIS ENDORSEMENT PROVIDES CLAIMS-MADE COVERAGE.**
**PLEASE READ THE ENTIRE ENDORSEMENT CAREFULLY.**

This Endorsement modifies insurance provided under the following Coverage Form:

**COMMERCIAL ADVANTAGE POLICY (BUSINESSOWNERS)**

**COMMERCIAL GENERAL LIABILITY COVERAGE PART**

**NOTICE**

- **EXCEPT TO SUCH EXTENT AS MAY OTHERWISE BE PROVIDED HEREIN, THE COVERAGES PROVIDED UNDER INSURING AGREEMENTS 1., 3., 4., AND 5. OF THIS COVERAGE ARE LIMITED TO LIABILITY FOR ONLY THOSE CLAIMS OR SUITS THAT ARE FIRST MADE AGAINST THE INSUREDS DURING THE CYBER LIABILITY AND DATA BREACH RESPONSE COVERAGE PERIOD AND REPORTED IN WRITING TO US PURSUANT TO THE TERMS HEREIN, VARIOUS PROVISIONS IN THIS COVERAGE RESTRICT COVERAGE. PLEASE READ THE ENTIRE COVERAGE CAREFULLY TO DETERMINE RIGHTS, DUTIES AND WHAT IS AND IS NOT COVERED.**
- **THE LIMIT OF LIABILITY AVAILABLE TO PAY JUDGMENTS OR SETTLEMENTS FOR COVERAGE PROVIDED UNDER INSURING AGREEMENTS 1., 3., 4., AND 5 UNDER THIS COVERAGE SHALL BE REDUCED BY AMOUNTS INCURRED FOR CLAIMS EXPENSES. AMOUNTS INCURRED FOR CLAIMS EXPENSES SHALL BE APPLIED AGAINST THE RETENTION AMOUNT.**
- **EXCEPT TO SUCH EXTENT AS MAY OTHERWISE BE PROVIDED HEREIN, THE COVERAGES PROVIDED UNDER INSURING AGREEMENTS 2., 6, 7., AND 8. OF THIS COVERAGE PROVIDE FIRST PARTY COVERAGE ON AN INCIDENT DISCOVERED AND REPORTED BASIS. COVERAGE UNDER INSURING AGREEMENTS 2.,6 7. AND 8. APPLIES ONLY TO INCIDENTS FIRST DISCOVERED BY THE INSURED AND REPORTED TO THE INSURER DURING THE POLICY PERIOD.**

| **SCHEDULE** | | |
|---|---|---|
| **Retroactive Date:** None | | |
| **Cyber Liability and Data Breach Response Coverage Total Premium:** | | $147 |
| **Insuring Agreements and Limits of Liability:** | | |
| **Policy Aggregate Limit of Liability** | $50,000 | Aggregate for all "loss" combined, including "damages", "penalties", "PCI fines, expenses and costs", "cyber extortion loss", "data protection loss", and "business interruption loss" and "claims expenses". |
| **Cyber Liability Aggregate Sublimits of Liability:** | | |
| Information Security & Privacy Liability (Insuring Agreement 1.) | $50,000 | Aggregate for all "loss" arising from "damages" including "claims expenses". |
| Regulatory Defense and Penalties (Insuring Agreement 3.) | $10,000 | Aggregate for all "loss" arising from "penalties" including "claims expenses" |


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| **Cyber Lability Aggregate Sublimits of Liability (Continued):** | | |
|---|---|---|
| Website Media Content Liability (Insuring Agreement 4.) | $50,000 | Aggregate for all "loss" arising from "damages" including "claims expenses" |
| PCI Fines, Expenses, and Costs (Insuring Agreement 5.) | $5,000 | Aggregate for "loss" arising from "PCI Fines, Expenses, and Costs" including "claims expenses" |
| Cyber Extortion (Insuring Agreement 6.) | $10,000 | Aggregate for "loss" arising from "cyber extortion loss" |
| First Party Data Protection (Insuring Agreement 7.) | $10,000 | Aggregate for "loss" arising from "data protection loss" |
| First Party Network Business Interruption (Insuring Agreement 8.) | $10,000 | Aggregate for "loss" arising from "business interruption loss" |
| **Limits Of Coverage For Privacy Breach Response Services (Insuring Agreement 2.):** | | Coverage for all "Privacy Breach Response Services" is separate from and in addition to the "Policy Aggregate Limit of Liability" |
| Notification Services, Call Center Services, and Breach Resolution and Mitigation Services | 5,000 | "Notified Individuals" in the Aggregate |
| Aggregate Limit of Coverage for all "Computer Expert Services", "Legal Services", and "Public Relations and Crisis Management Expenses" | $25,000 | Aggregate for all "computer expert services", "legal services", and "public relations and crisis management expenses" combined |
| **Retentions:** | | |
| **Cyber Liability and Data Breach Response** (Insuring Agreement 1., 3., 4. and 5. ) | | |
| Retention | None | Each claim |
| **Cyber Liability and Data Breach Response** (Insuring Agreement 6., 7. and 8.) | | |
| Retention | $2,500 | Each Incident |
| **Privacy Breach Response Services and Retention** (Insuring Agreement 2.) | | |
| "Computer Expert Services", "Legal Services", and "Public Relations and Crisis Management Expenses" | $0 | Each incident |
| "Notified Individuals" | 0 "Notified Individuals" | Each incident |
| **Waiting Period / Retention** (Insuring Agreement 8.) | | One retention per incident must be satisfied, whichever is greater. |
| "Income Loss" / "Extra Expense" Retention | $2,500 | |
| "Waiting Period" | 12 Hours | |


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**Insuring Agreements 1., 3., 4., and 5. of this Endorsement provide coverage on a claims made and reported basis and apply only to "claims" first made and reported to us during the "policy period" or the optional extension period, if applicable. Amounts incurred as "claims expenses" under this policy shall reduce and may exhaust the limit of liability.**

**Insuring Agreements 2., 6., 7., and 8. of this Endorsement provide first party coverage and apply only to incidents discovered and reported to us during the "policy period".**

This Cyber Liability and Data Breach Response Coverage Endorsement is being added to the Policy Coverage Form and the terms and conditions of this Endorsement govern the scope of coverage and your and our duties.

Throughout this Endorsement, the words "you" and "your" refer to the "named insured(s)" shown in the Schedule and any other person(s) or organization(s) qualifying as a "named insured" under this Endorsement. The words "we", "us" and "our" refer to the company providing this coverage. The word "insured" means any person or organization qualifying as such under **SECTION III- WHO IS AN INSURED**.

This Endorsement amends the Policy to provide cyber liability and data breach response coverage on a claims made and reported or incidents discovered and reported basis. Various provisions in this Endorsement restrict coverage. Read the entire Endorsement carefully to determine your rights and duties and what is and is not covered. The terms, conditions, exclusions, and limits of liability set forth in this Endorsement apply only to the coverage provided by this Endorsement.

Words and phrases that appear in quotation marks have special meaning. Refer to **SECTION XI – DEFINITIONS**. To the extent any words or phrases used in this Endorsement are defined elsewhere in the Policy, such definitions provided elsewhere do not apply to give meaning to the words or phrases used in this Endorsement.

The terms and conditions of the Cancellation Condition of the Policy Coverage Form and any amendment to such terms are incorporated herein and shall apply to coverage as is afforded by this Endorsement, unless specifically stated otherwise in an endorsement(s) attached hereto.

## SECTION I – INSURING AGREEMENTS

Coverage is provided under the following insuring agreements for which a policy aggregate limit of liability is shown in the Schedule:

**1. Information Security and Privacy Liability**

We will pay on behalf of the insured, "damages" and "claims expenses" which the insured shall become legally obligated to pay because of any "claim", including a "claim" for a violation of a "privacy law", first made against any insured during the "policy period" or optional extension period, if applicable, and reported in writing to us during the "policy period" or as otherwise provided in **SECTION VIII – NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM** for:

**a.** theft, loss, or "unauthorized disclosure" of "personally identifiable information" or "third party information" that is in the care, custody or control of the "insured organization", or a third party for whose theft, loss or "unauthorized disclosure" of "personally identifiable information" or "third party information" the "insured organization" is legally liable (a third party shall include a business associate as defined by the Health Insurance Portability and Accountability Act (HIPAA));

**b.** one or more of the following acts or incidents that directly result from a failure of "computer security" to prevent a "security breach":

**i.** the alteration, corruption, destruction, deletion, or damage to data stored on "computer systems";

**ii.** the failure to prevent transmission of "malicious code" from "computer systems" to computer or network systems that are not owned, operated or controlled by an insured; or

**iii.** the participation by the "insured organization's" "computer systems" in a "denial of service attack" directed against a computer or network systems that are not owned, operated or controlled by an insured;

**c.** the "insured organization's" failure to timely disclose an incident described in paragraphs a. or b. of this section in violation of any "breach notice law";

**d.** failure by the insured to comply with that part of a "privacy policy" that specifically:

**i.** prohibits or restricts the "insured organization's" disclosure, sharing or selling of a person's "personally identifiable information";

**ii.** requires the "insured organization" to provide access to "personally identifiable information" or to correct incomplete or inaccurate "personally identifiable information" after a request is made by a person; or

**iii.** mandates procedures and requirements to prevent the loss of "personally identifiable information";

provided the "insured organization" must, at the


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time of such acts, errors or omissions, have in force a "privacy policy" that addresses those subsections d.i.-d.iii. above that are relevant to such "claim";

**e.** failure by the insured to administer:

**i.** an identity theft prevention program as required by regulations and guidelines promulgated pursuant to 15 U.S.C. §1681m(e), as amended, or

**ii.** an information disposal program required by regulations and guidelines promulgated pursuant to 15 U.S.C §1681w, as amended.

**2. Privacy Breach Response Services**

We will provide privacy breach response services to the "insured organization" because of an incident, or a reasonably suspected incident, described in paragraphs a. or b. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability**, that takes place, is discovered and is reported in writing to us during the "policy period" or as otherwise provided in **SECTION VIII – NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM.**

Privacy breach response services means the following:

**a.** "computer expert services";

**b.** "legal services";

**c.** "public relations and crisis management expenses";

paragraphs a.-c. are subject to a monetary limit as noted in the Schedule;

**d.** "notification services" to provide notification to:

**i.** individuals who are required to be notified by the "insured organization" under the applicable "breach notice law"; or

**ii.** in our discretion, individuals affected by an incident in which their "personally identifiable information" has been subject to theft, loss, or "unauthorized disclosure" in a manner which compromises the security or privacy of such individual by posing a significant risk of financial, reputational or other harm to the individual;

**e.** "call center services"; and

**f.** "breach resolution and mitigation services";

paragraphs d.-f. are subject to a maximum notified individual limit noted in the Schedule.

**3. Regulatory Defense and Penalties**

We will pay on behalf of the insured, "claims expenses" and "penalties" which the insured shall become legally obligated to pay because of any "claim" in the form of a "regulatory proceeding" first made against any insured during the "policy period" or the optional extension period, if applicable, and reported in writing to us during the "policy period", or as otherwise provided in **SECTION VIII – NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**, for a violation of a "privacy law" and caused by an incident described in paragraphs a., b. or c. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability**.

**4. Website Media Content Liability**

We will pay on behalf of the insured, "damages" and "claims expenses" which the insured becomes legally obligated to pay because of a "claim" first made against any insured during the "policy period" or the optional extension period, if applicable, and reported in writing to us during the "policy period", or as otherwise provided in **SECTION VIII – NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**, that arises out of one or more of the following acts committed in the course of the "insured organization's" display of "media material" on its website or on social media web pages created and maintained by or on behalf of the "insured organization":

**a.** defamation, libel, slander, trade libel, infliction of emotional distress, outrage, outrageous conduct, or other tort related to disparagement or harm to the reputation or character of any person or organization;

**b.** a violation of the rights of privacy of an individual, including false light and public disclosure of private facts;

**c.** invasion of or interference with an individual's right of publicity, including commercial appropriation of name, persona, voice or likeness;

**d.** plagiarism, piracy or misappropriation of ideas under implied contract;

**e.** infringement of copyright;

**f.** infringement of domain name, trademark, trade name, trade dress, logo, title, metatag, slogan, service mark, service name; or

**g.** improper deep-linking or framing within electronic content.

**5. PCI Fines, Expenses and Costs**

We will indemnify the insured for "PCI fines, expenses, and costs" which the insured shall become legally obligated to pay because of a "claim" first made against any insured during the "policy period" or optional extension period, if applicable, and reported in writing to us during the "policy period" or as otherwise provided in **SECTION VIII – NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**. We have no duty to defend any "claim" or to pay any "claims expenses" associated with a "claim"


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under this section.

**6. Cyber Extortion**

We will indemnify the "named insured" for "cyber extortion loss", in excess of the retention, incurred by the "insured organization" as a direct result of an "extortion threat" first made against the "insured organization" during the "policy period" and reported in writing to us during the "policy period" or as otherwise provided **SECTION VIII – NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**. We will not pay for "cyber extortion loss" which is part of a series of related threats that began prior to the "policy period".

**7. First Party Data Protection**

We will indemnify the insured for "data protection loss", in excess of the retention, which the insured pays as a direct result of one or more of the following:

**a**. alteration, corruption, destruction, deletion or damage to a "data asset", or

**b.** inability to access a "data asset"

that is directly caused by a failure of "computer security" to prevent a "security breach", provided such "security breach" is discovered and reported in writing to us during the "policy period" or as otherwise provided in **SECTION VIII – NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**. A "data protection loss" will be deemed to occur at the time such alteration, corruption, destruction, deletion or damage to or inability to access a "data asset" is first discovered by the insured.

**8. First Party Network Business Interruption**

We will indemnify the insured for "business interruption loss", in excess of the retention, incurred by the insured during the "period of restoration" or the "extended interruption period", if applicable, as a direct result of the actual and necessary interruption or suspension of "computer systems" that first takes place during the "policy period" and is directly caused by a failure of "computer security" to prevent a "security breach", provided such "security breach" is discovered and reported in writing to us during the "policy period" or as otherwise provided in **SECTION VIII – NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**.

## SECTION II – DEFENSE AND SETTLEMENT OF CLAIMS

**1.** We shall have the right and duty to defend:

**a.** any "claim" against the insured seeking "damages" even if any of the allegations of the "claim" are groundless, false or fraudulent; or

**b.** under **SECTION I – INSURING AGREEMENTS, 3. Regulatory Defense and Penalties**, any "claim" in the form of a "regulatory proceeding".

Selection of defense counsel shall be mutually agreed upon between the "named insured" and us; however, in the absence of such agreement, our decision shall be final.

**2.** With respect to any "claim" against the insured seeking "damages" or "penalties" which are payable under this Endorsement, we will pay "claims expenses" incurred with our prior written consent. The limit of liability available to pay "damages" and "penalties" shall be reduced and may be completely exhausted by payment of "claims expenses".

**3.** If the insured refuses to consent to any settlement or compromise recommended by us and acceptable to the claimant and elects to contest the "claim", our liability for any "damages", "penalties", and/or "claims expenses" shall not exceed the lesser of:

**a.** the amount for which the "claim" could have been settled, plus the "claims expenses" incurred up to the time of such refusal; or

**b.** the applicable limit of liability, whichever is less, and we shall have the right to withdraw from further defense by tendering control of said defense to the insured. The portion of any proposed settlement or compromise that requires the insured to cease, limit or refrain from actual or alleged infringement or otherwise injurious activity or is attributable to future royalties or other amounts that are not "damages" (or "penalties" for "claims" covered under **SECTION I – INSURING AGREEMENTS, 3. Regulatory Defense and Penalties**) shall not be considered in determining the amount for which a "claim" could have been settled.

## SECTION III – WHO IS AN INSURED

Whether expressed in the singular or plural, insured shall mean:

**1.** The "named insured" and any "subsidiaries" of the "named insured" (together the "insured organization");

**2.** A director, manager of a limited liability company ("manager") or officer of the "insured organization", but only with respect to the performance of their duties as such on behalf of the "insured organization";

**3.** An "employee" of the "insured organization", but only for work done while acting within the scope of their employment and related to the conduct of the "insured organization's" business;

**4.** A principal if the "named insured" is a sole proprietorship, or a partner if the "named insured" is a partnership, but only with respect to the performance of their duties as such on behalf of the "insured organization";


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5. Any person previously qualified as an insured under paragraphs 2., 3. or 4. of this section prior to the termination of the required relationship with the "insured organization", but only with respect to the performance of their duties as such on behalf of the "insured organization";
6. The estate, heirs, executors, administrators, assigns and legal representatives of any insured in the event of such insured's death, incapacity, insolvency or bankruptcy, but only to the extent that such insured would otherwise be provided coverage under this Endorsement; and
7. The lawful spouse, or a domestic partner, of any insured, but solely by reason of any act, error or omission of an insured other than such spouse or domestic partner.

**SECTION IV – EXCLUSIONS**

This coverage does not apply to any "claim" or "loss":

1. For, arising out of or resulting from:
   a. physical injury, sickness, disease or death of any person, including any mental anguish or emotional distress resulting from such physical injury, sickness, disease or death; or
   b. physical injury to or destruction of any tangible property, including the loss of use thereof; provided that electronic data shall not be considered tangible property for purposes of this exclusion;
2. For, arising out of or resulting from any employer-"employee" relations, policies, practices, acts or omissions, or any actual or alleged refusal to employ any person, or misconduct with respect to "employees", whether such "claim" is brought by an "employee", former "employee", applicant for employment, or relative or domestic partner of such person; provided, that this exclusion shall not apply to an otherwise covered "claim" under paragraph a. or b. under **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability** by a current or former "employee" of the "insured organization", or to the providing of privacy breach response services involving current or former "employees" of the "insured organization";
3. For, arising out of or resulting from any actual or alleged act, error or omission or breach of duty by any director, officer or "manager" in the discharge of their duty if the "claim" is brought by or on behalf of the "named insured", a "subsidiary", or any principals, directors, officers, "managers", stockholders, members or "employees" of the "named insured" or a "subsidiary" in his or her capacity as such;
4. For, arising out of or resulting from any contractual liability or obligation or arising out of or resulting from breach of contract or agreement, either oral or written; however, this exclusion will not apply:
   a. with respect only to the coverage provided pursuant to paragraph a. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability**, to any obligation of the "insured organization" to maintain the confidentiality or security of "personally identifiable information" or of "third party information";
   b. with respect only to paragraph d. of **SECTION I – INSURING AGREEMENTS, 4. Website Media Content Liability**, for misappropriation of ideas under implied contract;
   c. to "computer expert services" or "legal services" covered under **SECTION I – INSURING AGREEMENTS, 2. Privacy Breach Response Services**;
   d. to "PCI fines, expenses & costs" covered under **SECTION I – INSURING AGREEMENTS, 5. PCI Fines, Expenses and Costs**, or
   e. to the extent the insured would have been liable in the absence of such contract or agreement;
5. For, arising out of or resulting from any actual or alleged antitrust violation, restraint of trade, unfair competition, or false, deceptive or misleading advertising or violation of the Sherman Antitrust Act, the Clayton Act, or the Robinson-Patman Act, as amended;
6. For, arising out of or resulting from any actual or alleged false, deceptive or unfair trade practices; however, this exclusion does not apply to:
   a. any "claim" covered under paragraphs a., b. or c. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability** or **SECTION I – INSURING AGREEMENTS, 3. Regulatory Defense and Penalties**; or
   b. the provision of privacy breach response services covered under **SECTION I – INSURING AGREEMENTS, 2. Privacy Breach Response Services**;

   that results from a theft, loss or "unauthorized disclosure" of "personally identifiable information" provided that no member of the "control group" participated or colluded in such theft, loss or "unauthorized disclosure";
7. For, arising out of or resulting from:
   a. the actual or alleged unlawful collection, acquisition or retention of "personally identifiable information" (except as otherwise covered under paragraph e. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability**) or other personal information by, on behalf of, or with the consent or cooperation of the "insured organization"; or the failure to comply with a legal requirement to provide individuals with the ability to assent to or withhold assent (e.g. opt-in or opt-out) from the collection, disclosure or use of "personally identifiable information"; provided that this exclusion shall not apply to the actual or alleged unlawful collection,


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acquisition or retention of "personally identifiable information" by a person or entity that is not a "related party" and without the knowledge of the "insured organization"; or

**b.** the distribution of unsolicited email, text messages, direct mail, or facsimiles, wiretapping, audio or video recording, or telemarketing, if such distribution, wiretapping or recording is done by or on behalf of the "insured organization";

**8.** For, arising out of or resulting from

**a.** that which was the subject of written notice given to us or to any other insurer prior to the initial inception date of this coverage; or

**b.** which was the subject of any prior and/or pending written demand made against any insured or a civil administrative or arbitration proceeding commenced against any insured, prior to the initial inception date of this coverage, or that involved the same or substantially the same fact, circumstance or situation underlying or alleged in such prior demand or proceeding;

**9.** For, arising out of resulting from any of the following:

**a.** any actual or alleged violation of the Organized Crime Control Act of 1970 (commonly known as Racketeer Influenced and Corrupt Organizations Act or RICO), as amended;

**b.** any actual or alleged violation of any securities law, regulation or legislation, including but not limited to the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Act of 1940, the Sarbanes-Oxley Act of 2002 or any "Blue Sky" laws;

**c.** any actual or alleged acts, errors or omissions related to any of the "insured organization's" pension, healthcare, welfare, profit sharing, mutual or investment plans, funds of trusts, including any violation of any provision of the Employee Retirement Income Security Act of 1974 (ERISA);

**d.** any actual or alleged violation of a regulation promulgated under any of the laws described in paragraphs a., b. or c. above; or

**e.** any actual or alleged violation of a federal, state, local or foreign laws or legislation similar to the laws described in paragraphs a. b. or c. above;

however, this exclusion does not apply to any otherwise covered "claim" under paragraph a., b. or c. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability** or to providing privacy breach response services covered under **SECTION I – INSURING AGREEMENTS, 2. Privacy Breach Response Services**, that results from a theft, loss or "unauthorized disclosure" of "personally identifiable information", provided that no member of the "control group" participated or colluded in such theft, loss or "unauthorized disclosure";

**10.** For, arising out of or resulting from any actual or alleged acts, errors, or omissions related to any of the "insured organization's" pension, healthcare, welfare, profit sharing, mutual or investment plans, funds or trusts, including any violation of any provision of the Employee Retirement Income Security Act of 1974 (ERISA) or any similar federal law or legislation, or similar law or legislation of any state, province or other jurisdiction, or any amendment to ERISA or any violation of any regulation, ruling or order issued pursuant to ERISA or such similar laws or legislation; however this exclusion does not apply to any otherwise covered "claim" under paragraph a. b. or c. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability** or to the providing of privacy breach response services under **SECTION I – INSURING AGREEMENTS, 2. Privacy Breach Response Services**, that results from a theft, loss or "unauthorized disclosure" of "personally identifiable information", provided that no member of the "control group" participated, or is alleged to have participated or colluded, in such theft, loss or "unauthorized disclosure";

**11.** Arising out of or resulting from any criminal, dishonest, fraudulent, or malicious act, error or omission, any intentional "security breach", intentional violation of a "privacy policy", or intentional or knowing violation of the law, if committed by such insured, or by others if the insured colluded or participated in any such conduct or activity; provided this exclusion shall not apply to:

**a.** "claims expenses" incurred in defending any "claim" alleging the foregoing until such time as there is a final non-appealable adjudication, judgment, binding arbitration decision or conviction against the insured, or written admission by the insured, establishing such conduct, or a plea of nolo contendere or no contest regarding such conduct, at which time the "named insured" shall reimburse us for all "claims expenses" incurred defending the "claim" and we shall have no further liability for "claims expenses; or

**b.** a "claim" or "loss" against a natural person insured if such insured did not personally commit, participate in or know about any act, error, omission, incident or event giving rise to such "claim" or "loss".

For purposes of this exclusion, only acts, errors, omissions or knowledge of a member of the "control group" will be imputed to the "insured organization".

**12.** For, arising out of or resulting from any actual or alleged:

**a.** infringement of patent or patent rights or misuse or abuse of patent or patent rights;

**b.** infringement of copyright arising from or related to software code or software products other than infringement resulting from a theft or "unautho-


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rized access or use" of software code by a person who is not a "related party";

**c.** use or misappropriation of any ideas, trade secrets or third party corporate information by, or on behalf of, the "insured organization", or by any other person or entity if such use or misappropriation is done with the knowledge, consent or acquiescence of a member of the "control group";

**d.** disclosure, misuse or misappropriation of any ideas, trade secrets or confidential information that came into the possession of any person or entity prior to the date the person or entity became an employee, officer, director, "manager", principal, partner or "subsidiary" of the insured; or

**e.** under paragraph b. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability**, theft of or "unauthorized disclosure" of a "data asset";

**13.** In connection with or resulting from a "claim" brought by or on behalf of the any state, federal, local or foreign governmental entity, in such entity's regulatory or official capacity; provided, this exclusion shall not apply to an otherwise covered "claim" under **SECTION I – INSURING AGREEMENTS, 3. Regulatory Defense and Penalties** or to the provision of privacy breach response services under **SECTION I – INSURING AGREEMENTS, 2. Privacy Breach Response Services** to the extent such services are legally required to comply with a "breach notice law";

**14.** For, arising out of or resulting from a "claim" by or on behalf of one or more insureds under this Endorsement against any other insured or insureds under this Endorsement, provided this exclusion shall not apply to an otherwise covered "claim" under paragraphs a., b. or c. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability** made by a current or former "employee" of the "insured organization";

**15.** For, arising out of or resulting from:

**a.** any "claim" made by any business enterprise in which any insured has greater than a fifteen percent (15%) ownership interest or made by any parent company or other entity which owns more than fifteen percent (15%) of the "named insured"; or

**b.** the insured's activities as a trustee, partner, member, "manager", officer, director or "employee" of any "employee" trust, charitable organization, corporation, company or business other than that of the "insured organization";

**16.** For, arising out of or resulting from any of the following:

**a.** trading losses, trading liabilities or change in value of accounts;

**b.** any loss, transfer or theft of "monies", "securities" or tangible property of others in the care, custody or control of the "insured organization";

**c.** the monetary value of any transactions or electronic fund transfers by or on behalf of the insured which is lost, diminished, or damaged during transfer from, into or between accounts; or

**d.** the value of coupons, price discounts, prizes, awards, or any other valuable consideration given in excess of the total contracted or expected amount.

**17.** For, arising out of or resulting from:

**a.** the actual or alleged obligation to make licensing fees or royalty payments;

**b.** any costs or expenses incurred or to be incurred by the insured or others for the reprinting, reposting, recall, removal or disposal of any "media material" or any other information, content or media, including any media or products containing such "media material", information, content or media;

**c.** any "claim" brought by or on behalf of any intellectual property licensing bodies or organizations;

**d.** the actual or alleged inaccurate, inadequate or incomplete description of the price of goods, products or services, cost guarantees, cost representations, or contract price estimates, the authenticity of any goods, products or services, or the failure of any goods or services to conform with any represented quality or performance;

**e.** any actual or alleged gambling, contest, lottery, promotional game or other game of chance; or

**f.** any "claim" made by or on behalf of any independent contractor, joint venture or venture partner arising out of or resulting from disputes over ownership of rights in "media material" or services provided by such independent contractor, joint venture or venture partner;

**18.** With respect to **SECTION I – INSURING AGREEMENTS, 6. Cyber Extortion, 7. First Party Data Protection** and **8. First Party Network Business Interruption**, for, arising out of or resulting from any criminal, dishonest, fraudulent, or malicious act, error or omission, any "security breach", "extortion threat", or intentional or knowing violation of the law, if committed by any member of the "control group" or any person in participation or collusion with any member of the "control group";

**19.** With respect to **SECTION I – INSURING AGREEMENTS, 7. First Party Data Protection** and **8. First Party Network Business Interruption**, for, arising out of or resulting from:

**a.** any failure or malfunction of electrical or telecommunication infrastructure or services,


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provided that this exclusion shall not apply to any otherwise covered "claim" or "loss" arising out of failure of "computer security" to prevent a "security breach" that was solely caused by a failure or malfunction of telecommunication infrastructure or services under the insured's direct operational control;

**b.** fire, flood, earthquake, volcanic eruption, explosion, lightning, wind, hail, tidal wave, landslide, act of God or other physical event; or

**c.** any satellite failures;

**20.** With respect to **SECTION I – INSURING AGREEMENTS, 6. Cyber Extortion**, for, arising out of or resulting from:

**a.** any threat to physically harm or kidnap any person; or

**b.** any threat to harm, take, or transfer property other than any "data asset", even if such threat is made in conjunction with a threat to a "data asset";

**21.** Arising out of or resulting from any seizure, nationalization, confiscation, or destruction of "computer systems" or "data assets" by order of any governmental or public authority;

**22.** Arising out of or resulting from an "extortion threat" first made against the "insured organization" during the "policy period" by any of the "insured organization's" directors, officers, principals, trustees, governors, "managers", members, management committee members, members of the management board, partners, or any person in collusion with any of the foregoing;

**23.** With respect to **SECTION I – INSURING AGREEMENTS, 8. First Party Network Business Interruption**, for, arising out of or resulting from the failure to prevent a "security breach" of "computer security" that is operated by a third party service provider and used for the purpose of providing hosted computer application services to the "insured organization" or for processing, maintaining, hosting or storing the "insured organization's" electronic data, pursuant to written contract with the "insured organization" for such services, provided such coverage is subject to the sublimit of liability set forth in the Schedule;

**24.** For, arising out of or resulting from, directly or indirectly occasioned by, happening through or in consequence of: war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority; provided that this exclusion will not apply to cyber terrorism. For purposes of this exclusion, cyber terrorism means the premeditated use of disruptive activities, or threat to use disruptive activities, against a computer system of network with the intention to cause harm, further social, ideological, religious, political or similar objectives, or to intimidate any person(s) in furtherance of such objectives;

**25.** With respect to **SECTION I – INSURING AGREEMENTS, 6. Cyber Extortion, 7. First Party Data Protection** and **8. First Party Network Business Interruption**, arising out of or resulting from any related or continuing acts, errors, omissions, incidents or events, where the first such act, error, omission, incident or event was committed or occurred prior to the retroactive date;

**26.** Either in whole or in part, directly or indirectly arising out of or resulting from or in consequence of, or in any way involving:

**a.** asbestos, or any materials containing asbestos in whatever form or quantity;

**b.** the actual, potential, alleged or threatened formation, growth, presence, release or dispersal of any fungi, molds, spores or mycotoxins of any kind; any action taken by any party in response to the actual, potential, alleged or threatened formation, growth, presence, release or dispersal of fungi, molds, spores or mycotoxins of any kind, such action to include investigating, testing for, detection of, monitoring of, treating, remediating or removing such fungi, molds, spores or mycotoxins; and any governmental or regulatory order, requirement, directive, mandate or decree that any party take action in response to the actual, potential, alleged or threatened formation, growth, presence, release or dispersal of fungi, molds, spores or mycotoxins of any kind, such action to include investigating, testing for, detection of, monitoring of, treating, remediating or removing such fungi, molds, spores or mycotoxins; we will have no duty or obligation to defend any insured with respect to any "claim" or governmental or regulatory order, requirement, directive, mandate or decree which either in whole or in part, directly or indirectly, arises out of or results from or in consequence of, or in any way involves the actual, potential, alleged or threatened formation, growth, presence, release or dispersal of any fungi, molds, spores or mycotoxins of any kind;

**c.** the existence, emission or discharge of any electromagnetic field, electromagnetic radiation or electromagnetism that actually or allegedly affects the health, safety or condition of any person or the environment, or that affects the value, marketability, condition or use of any property; or


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**d.** the actual, alleged or threatened discharge, dispersal, release or escape of pollutants; or any governmental, judicial or regulatory directive or request that the insured or anyone acting under the direction or control of the insured test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants. Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant including gas, acids, alkalis, chemicals, heat, smoke, vapor, soot, fumes or waste. Waste includes but is not limited to materials to be recycled, reconditioned or reclaimed.

**SECTION V – LIMIT OF LIABILITY AND COVERAGE**

**1.** The policy aggregate limit of liability set forth in the Schedule is our combined total limit of liability for all "damages", "penalties", "PCI fines, expenses and costs", "cyber extortion loss", "data protection loss", "business interruption loss" and "claims expenses" payable under this Endorsement.

**2.** The Regulatory Defense and Penalties sublimit of liability stated in the Schedule is the aggregate sublimit of liability payable under **SECTION I – INSURING AGREEMENTS, 3. Regulatory Defense and Penalties** of this Endorsement and is part of and not in addition to the policy aggregate limit of liability.

**3.** The PCI Fines, Expenses and Costs sublimit of liability stated in the Schedule is the aggregate sublimit of liability payable under **SECTION I – INSURING AGREEMENTS, 5. PCI Fines, Expenses and Costs** of this Endorsement and is part of and not in addition to the policy aggregate limit of liability.

**4.** The Cyber Extortion sublimit of liability stated in the Schedule is the aggregate sublimit of liability payable under **SECTION I – INSURING AGREEMENTS, 6. Cyber Extortion** of this Endorsement and is part of and not in addition to the policy aggregate limit of liability. Multiple related or continuing "extortion threats" shall be considered a single "extortion threat" for purposes of this insurance and shall be deemed to have occurred at the time of the first such "extortion threat". Prior to the payment of any "extortion payment", the "insured organization" shall make every reasonable effort to determine that the "extortion threat" is not a hoax, or otherwise not credible. The "insured organization" shall take all steps reasonable and practical to avoid or limit the payment of an "extortion payment".

**5.** The First Party Data Protection sublimit of liability stated in the Schedule is the aggregate sublimit of liability payable under **SECTION I – INSURING AGREEMENTS, 7. First Party Data Protection** of this Endorsement and is part of and not in addition to the policy aggregate limit of liability. All "data protection loss" that arises out of the same or a continuing "security breach", from related or repeated "security breaches", or from multiple "security breaches", resulting from a failure of "computer security" shall be deemed to be a single "data protection loss".

**6.** The First Party Network Business Interruption sublimit of liability stated in the Schedule is the aggregate sublimit of liability payable under **SECTION I – INSURING AGREEMENTS, 8. First Party Network Business Interruption** of this Endorsement and is part of and not in addition to the policy aggregate limit of liability. All "business interruption loss" resulting from multiple covered interruptions or suspensions of "computer systems" that arise out of the same or a continuing "security breach", from related or repeated "security breaches", or from multiple "security breaches" resulting from a failure of "computer security" shall be deemed to be a single "business interruption loss"; provided, however, that a separate "waiting period" shall apply to each "period of restoration".

**7.** Neither the inclusion of more than one insured under this Endorsement, nor the making of "claims" by more than one person or entity shall increase the sublimit of liability or policy aggregate limit of liability.

**8.** The limit of liability for the optional extension period shall be part of and not in addition to the policy aggregate limit of liability.

**9.** We shall not be obligated to pay any "damages", "penalties" or "claims expenses", or to undertake or continue defense of any suit or proceeding after the policy aggregate limit of liability has been exhausted by payment of "damages", "penalties", "PCI fines, expenses and costs", "cyber extortion loss", "data protection loss", "business interruption loss" or "claims expenses", or after deposit of the policy aggregate limit of liability in a court of competent jurisdiction. Upon such payment, we shall have the right to withdraw from further defense of any "claim" under this Endorsement by tendering control of said defense to the insured.

**10.** The "notified individuals" limit stated in the Schedule is the maximum total number of "notified individuals" to whom notification will be provided or attempted for all incidents or series of related incidents giving rise to an obligation to provide "notification services", "call center services" or "breach resolution and mitigation services".

**11.** The aggregate limit of coverage stated for "computer expert services" and "legal services" in the Schedule is the aggregate limit of coverage for all "computer expert services" and "legal services" combined. This is a separate limit, apart from and in addition to the policy aggregate limit of liability.

**12.** If the total number of notifications made pursuant to paragraph d. of **SECTION I – INSURING AGREEMENTS, 2. Privacy Breach Response Services** aggregates to more than the "notified individuals" limit of coverage stated in the Schedule, the "insured organization" will be responsible for paying for priva-


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cy breach response services with respect to any excess notification, and such costs will not be covered under this Endorsement. If an incident involves notifications made pursuant to paragraph c. of **SECTION I – INSURING AGREEMENTS, 2. Privacy Breach Response Services** both within the "notified individuals" limit of coverage stated in the Schedule and in excess of such limit, all excess notifications will be provided by the same service provider that provides "notification services" covered under this Endorsement, and the costs will be allocated between us and the "insured organization" pro rata based on the number of covered and non-covered notifications.

**13.** To the extent privacy breach response services "costs" are covered pursuant to a "claim" as described in paragraph 6.d. of **SECTION XI – DEFINITIONS**, such "costs" shall be covered solely under **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability.**

**SECTION VI – RETENTION**

**1.** The retention amount set forth in the Schedule applies separately to each incident, event or related incidents or events, giving rise to a "claim", "data protection loss", "business interruption loss" or "cyber extortion loss". The retention shall be satisfied by monetary payments by the "named insured" of "damages", "claims expenses", "crisis management and public relations expenses", "penalties", "cyber extortion loss", "data protection loss" or "business interruption loss".

**2.** In the event that a "loss" arising out of a "claim" is subject to more than one retention, the applicable retention amount shall apply to such "loss", provided, that the sum of such retention amounts shall not exceed the largest applicable retention amount.

**3.** Satisfaction of the applicable retention is a condition precedent to the payment by us of any amounts or providing of any services hereunder, and we shall be liable only for the amounts in excess of such retention subject to our total liability not exceeding the policy aggregate limit of liability. The "named insured" shall make direct payments within the retention to appropriate other parties designated by us.

**4.** With respect to **SECTION I – INSURING AGREEMENTS, 8. First Party Network Business Interruption,** the retention set forth in the Schedule applies separately to each "security breach". The retention shall be satisfied by covered "business interruption loss" retained by the "insured organization". The retention applicable to **SECTION I – INSURING AGREEMENTS, 8. First Party Network Business Interruption** shall be reduced on a dollar-for-dollar basis by the amount of "income loss" that was sustained by the "insured organization" during the "waiting period".

**SECTION VII – OPTIONAL EXTENSION PERIOD**

**1.** We will provide an optional extension period as described below in the event of the termination of this coverage for any reason except the non-payment of premium.

**2.** The optional extension period does not extend the policy period or change the scope of coverage provided. The optional extension period only extends the claims reporting period.

**3.** A "claim" first made against any insured and reported to us during the optional extension period will be deemed to have been made on the last day of the policy period provided that the "claim" is for any act, error, or omission committed during the "policy period".

**4.** The policy aggregate limit of liability for the optional extension period shall be part of, and not in addition to, the applicable policy aggregate limit of liability for the "policy period". The purchase of the optional extension period does not in any way increase the policy aggregate limit of liability or any sublimit of liability.

**5.** The optional extension period does not apply to **SECTION I – INSURING AGREEMENTS, 2. Privacy Breach Response Services, 6. Cyber Extortion, 7. First Party Data Protection** or **8. First Party Network Business Interruption.**

**6.** You must give us a written request within thirty (30) days of your election of the optional extension period. Payment of the full additional premium for the optional extension period endorsement is due within thirty (30) days of the termination of this coverage. If notice of election and payment for the optional extension period is not given to us within such thirty (30) day period, there shall be no right to purchase the optional extension period.

**7.** At the commencement of the optional extension period the entire premium shall be deemed earned, and in the event the "named insured' terminates the optional extension period for any reason prior to its natural expiration, we will not be liable to return any premium paid for the optional extension period.

**SECTION VIII – NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**

**1.** With respect to **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability, 3. Regulatory Defense and Penalties, 4. Website Media Content Liability** and **5. PCI Fines, Expenses and Costs**:

**a.** If any "claim" is made against the insured, the insured shall forward as soon as practicable to us written notice of such "claim" by facsimile, email or express or certified mail, together with every demand, notice, summons or other process received by the insured or the insured's representative. In no event shall we be given notice of a "claim" later than the end of the "policy


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period", the end of the optional extension period, if applicable, or sixty (60) days after the expiration date of the "policy period";

**b.** If, during the "policy period", the insured becomes aware of any circumstance that could reasonably be the basis for a "claim", it may give written notice to us in the form of a facsimile, email or express or certified mail as soon as practicable during the "policy period". Such notice must include:

**i.** the specific details of the act, error, omission, or "security breach" that could reasonably be the basis for a "claim";

**ii.** the injury or damage which may result or has resulted from the circumstance; and

**iii.** the facts by which the insured first became aware of the act, error, omission or "security breach".

Any subsequent "claim" made against the insured arising out of such circumstance which is the subject of the written notice will be deemed to have been made at the time written notice complying with the above requirements was first given to us.

**c.** A "claim" or legal obligation under paragraph a. of this section shall be considered to be reported to us when written notice is first received by us in the form of a facsimile, email or express or certified mail of the "claim" or legal obligation, or of an act, error, or omission, which could reasonably be expected to give rise to a "claim" if provided in compliance with this paragraph.

**d.** In the event coverage is renewed by us and privacy breach response services are provided because of such incident or suspected incident that was discovered by the insured prior to the expiration of this coverage, and first reported during the sixty (60) day post "policy period" reporting period, then any subsequent "claim" arising out of such incident or suspected incident is deemed to have been made during the "policy period".

**2.** With respect to **SECTION I – INSURING AGREEMENT, 2. Privacy Breach Response Services** and **6. Cyber Extortion**:

**a.** If any incident, or reasonably suspected incident, described in paragraphs a. or b. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability** occurs, or in the event of a cyber extortion threat, the insured must report such incident, or reasonably suspected incident, to us in writing by facsimile, email or express or certified mail as soon as practicable during the "policy period" after discovery by the insured. In no event shall we be given notice of such incident later than the end of the "policy period", the end of the optional extension period, if applicable, or sixty (60) days after the expiration date of the "policy period".

**3.** With respect to **SECTION I – INSURING AGREEMENT, 7. First Party Data Protection** and **8. First Party Network Business Interruption**:

**a.** Notice of "Data Protection Loss" or "Business Interruption Loss"

**i.** With respect to **SECTION I – INSURING AGREEMENT, 7. First Party Data Protection**, the "named insured" must forward written notice by facsimile, email or express or certified mail immediately upon discovery of alteration, corruption, destruction, deletion or damage to or inability to access a "data asset" to which this Endorsement applies. In no event shall we be given notice of "data protection loss" later than the end of the "policy period", the end of the optional extension period, if applicable, or sixty (60) days after the expiration date of the "policy period";

**ii.** With respect to **SECTION I – INSURING AGREEMENT, 8. First Party Network Business Interruption**, the "named insured" must forward written notice by facsimile, email or express or certified mail immediately upon discovery of the interruption or suspension of "computer systems" to which this Endorsement applies. In no event shall we be given notice of "business interruption loss" later than the end of the "policy period", the end of the optional extension period, if applicable, or sixty (60) days after the expiration date of the "policy period";

**b.** Proof of Loss & Appraisal

**i.** Before coverage will apply, the "named insured" must prepare and submit to us a written and detailed "proof of loss" sworn by an officer of the "named insured" within ninety (90) days after the insured discovers a "data protection loss" or the "insured organization" sustains a "business interruption loss", as applicable, but in no event later than six (6) months following the end of the "policy period" (unless such period has been extended by our written consent).

**ii.** Such proof of loss shall include a narrative with full particulars of such "data protection loss" or "business interruption loss", including, the time, place and cause of the "data protection loss" or "business interruption loss", a detailed calculation of any "data protection loss" or "business interruption loss", the "insured organization's" interest and the interest of all others in the property, the sound value thereof and the amount of "data protection loss" or "business interruption loss" or damage thereto and all other insurance thereon.

**iii.** The "named insured" must, upon our request, submit to an examination under oath


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and provide copies of the underlying documents, data and materials that reasonably relate to or are part of the basis of the claim for such "data protection loss" or "business interruption loss". The costs and expenses of preparing and submitting a proof of loss, and establishing or proving "data protection loss", "business interruption loss" or any other "loss" under this Endorsement shall be the insured's obligation.

**iv.** If we do not agree with the "named insured" on the amount of a "data protection loss" or a "business interruption loss", each party shall select and pay a qualified and disinterested appraiser or other qualified expert (the "Appraiser(s)") to state the amount of the loss or reasonable expenses, and the Appraisers shall choose an umpire. If the Appraisers cannot agree on an umpire, the "named insured" or we may request a judge of a court having jurisdiction to make the selection. Each Appraiser shall submit their loss estimate to the umpire, and agreement by the umpire and at least one of the Appraisers as to the amount of a "data protection loss" or "business interruption loss" shall be binding on all "insureds" and us. The "named insured" and we will equally share the costs of the umpire and any other costs other than the cost of the Appraisers. This provision shall govern only appraisal under this section and shall not control the determination of whether such "data protection loss" or "business interruption loss" is otherwise covered by this Endorsement. We retain and do not waive our right to deny coverage or to enforce any obligation under this Endorsement.

## SECTION IX – OTHER INSURANCE

The coverage under this Endorsement shall apply in excess of any other valid and collectible insurance available to any insured, including any self-insured retention or deductible portion thereof, unless such other insurance is written, only as specific excess insurance over the policy aggregate limit of liability or any other applicable limit of liability or coverage of this Endorsement.

## SECTION X – SUBROGATION

If any payment is made under this Endorsement and there is available to us any of the insured's rights of recovery against any other party, then we shall maintain all such rights of recovery. The insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The insured shall do nothing after an incident or event giving rise to a "claim" or "loss" to prejudice such rights. Any recoveries shall be applied first to subrogation expenses, second to "loss" paid by us and lastly to the retention. Any additional amounts recovered shall be paid to the "named insured".

## SECTION XI – DEFINITIONS

**1.** "Breach notice law" means: any federal, state, local or foreign statute or regulation that requires notice to persons whose "personally identifiable information" was accessed or reasonably may have been accessed by an unauthorized person;

**2.** "Breach resolution and mitigation services" means a credit monitoring, identity monitoring or other solution offered to "notified individuals". The product offered to "notified individuals" will be selected by us in consultation with the "insured organization".

**3.** "Business interruption loss" means the total of:

**a.** "income loss" and

**b.** "extra expense" during the "period of restoration", and "extended income loss" if the "income loss" during the "period of restoration" is in excess of the applicable Retention;

provided that "business interruption loss" shall not mean and **SECTION I – INSURING AGREEMENTS, 8. First Party Network Business Interruption** shall not cover any of the following: loss arising out of any liability to any third party for whatever reason; legal costs or legal expenses of any type; loss incurred as a result of unfavorable business conditions, loss of market or any other consequential loss or costs or expenses the "insured organization" incurs to identify and remove software program errors or vulnerabilities.

**4.** "Call center services" means the provision of a call center to answer calls during standard business hours for a period of ninety (90) days following notification (or longer if required by applicable law or regulation) of an incident for which notice is provided pursuant to paragraph d. of **SECTION I – INSURING AGREEMENTS, 2. Privacy Breach Response Services**. "Call center services" will be provided by a service provider selected by us in consultation with the "insured organization".

**5.** "Claim" means:

**a.** a written demand received by any insured for money or services, including service of a suit or institution of regulatory or arbitration proceedings;

**b.** with respect to coverage provided under **SECTION I – INSURING AGREEMENTS, 3. Regulatory Defense and Penalties** only, institution of a "regulatory proceeding" against any insured;

**c.** a written request or agreement to toll or waive a statute of limitations relating to a potential "claim" described in paragraph a. above; and

**d.** with respect to coverage provided under paragraph a. of **SECTION I – INSURING AGREE-**


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**MENTS, 1. Information Security and Privacy Liability** only, a demand received by any insured to fulfill the "insured organization's" contractual obligation to provide notice of an incident, or reasonably suspected incident, described in paragraph a. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability** pursuant to a "breach notice law".

Multiple "claims" arising from the same or a series of related or repeated acts, errors, or omissions, or from any continuing acts, errors, omissions, or from multiple "security breaches" arising from a failure of "computer security" shall be considered a single "claim" for the purposes of this Endorsement, irrespective of the number of claimants or "insureds" involved in the "claim". All such "claims" shall be deemed to have been made at the time of the first such "claim".

**6.** "Claims expenses" means:

**a.** reasonable and necessary fees charged by an attorney designated pursuant to paragraph 1. of **SECTION II – DEFENSE AND SETTLEMENT OF CLAIMS**;

**b.** all other legal costs and expenses resulting from the investigation, adjustment, defense and appeal of a "claim", suit, or proceeding arising in connection therewith, or circumstance which might lead to a "claim" if incurred by us or the insured with our prior written consent;

**c.** the premium cost for appeal bonds for covered judgments or bonds to release property used to secure a legal obligation, if required in any "claim" against an "insured' provided that we shall have no obligation to appeal or to obtain bonds.

"Claims expenses" do not include any salary, overhead, or other charges by the insured for any time spent cooperating with the defense and investigation of any "claim", or circumstance that might lead to a "claim", under this Endorsement, or costs to comply with any regulatory orders, settlements or judgments.

**7.** "Computer expert services" means costs for:

**a.** a computer security expert to determine the existence and cause of an actual or suspected electronic data breach which may require the "insured organization" to comply with a "breach notice law" and to determine the extent to which such information was accessed by an unauthorized person or persons; and if such breach is actively in progress on the "insured organization's" "computer systems", to assist in containing the existing intrusion on such systems from accessing "personally identifiable information"; and

**b.** a Payment Card Industry (PCI) Forensic Investigator that is approved by the PCI Security Standards Council and is retained by the "insured organization" in order to comply with the terms of a "merchant services agreement" to investigate the existence and extent of an actual or suspected compromise of credit card data; and, in our discretion, where a computer security expert described in paragraph a. above has not been retained, for a computer security expert to provide advice and oversight in connection with the investigation conducted by the PCI Forensic Investigator; and

**c.** a computer security expert to demonstrate the insured's ability to prevent a future electronic data breach as required by a "merchant services agreement".

"Computer expert services" will be provided by a service provider selected by us in consultation with the "insured organization".

**8.** "Computer security" means software, computer or network hardware devices, as well as the "insured organization's" information security policies and procedures, the function or purpose of which is to prevent "unauthorized access or use", a "denial of service attack" against "computer systems", infection of "computer systems" by "malicious code" or transmission of "malicious code" from "computer systems". "Computer security" includes anti-virus and intrusion detection software, firewalls and electronic systems that provide access control to "computer systems" through the use of passwords, biometric or similar identification of authorized users.

**9.** "Computer systems" means computers, any software residing on such computers, and associated input and output devices, data storage devices, networking equipment, and back up facilities:

**a.** operated by and either owned by or leased to the "insured organization", or

**b.** systems operated by a third party service provider and used for the purpose of providing hosted computer application services, including cloud services, to the "insured organization" or for processing, maintaining, hosting or storing the "insured organization's" electronic data, pursuant to written contract with the "insured organization" for such services.

**10.** "Control group" means any principal, partner, corporate officer, director, "manager", general counsel (or most senior legal counsel) or risk manager of the "insured organization" and any individual in a substantially similar position.

**11.** "Cyber extortion loss" means:

**a.** any "extortion payment" that has been made under duress by or on behalf of the "insured orga-


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nization", with our prior written consent, but solely to prevent or terminate an "extortion threat";

**b.** reasonable and necessary expenses incurred by the "insured organization", with our prior written approval, that directly relate to the "insured's efforts to prevent or terminate an "extortion threat".

**12.** "Damages" means a monetary judgment, award or settlement. The term "damages" shall not include or mean:

**a.** future profits, restitution, disgorgement of unjust enrichment or profits by an insured, or the costs of complying with orders granting injunctive or equitable relief;

**b.** return or offset of fees, charges, or commissions charged by or owed to an "insured' for goods or services already provided or contracted to be provided;

**a.** pursuant to a lease or other written contract to which the "insured organization" is a party;

**b.** a natural person volunteer who is directed and controlled by the "insured organization" while performing labor or service for the "insured organization";

**c.** a natural person who is a director, trustee, officer, administrator, "manager" or partner of the "insured organization", when performing acts coming within the scope of the usual duties of a director, trustee, officer, administrator, "manager" or partner; or

**d.** a natural person who is:

**c.** a trustee, officer, "employee", administrator, fiduciary or manager of any Employee Welfare or Pension taxes or loss of tax benefits;

**d.** fines, sanctions or penalties;

**e.** punitive or exemplary damages, or any damages which are a multiple of compensatory damages, unless insurable by law in any applicable venue that most favors coverage for such punitive, exemplary or multiple damages;

**f.** discounts, coupons, prizes, awards or other incentives offered to the insured's customers or clients;

**g.** liquidated damages, but only to the extent that such damages exceed the amount for which the insured would have been liable in the absence of such liquidated damages agreement; or

**h.** any amounts for which the insured is not liable, or for which there is no legal recourse against the insured.

**13.** "Data asset" means any software or electronic data that exists in computer systems and that is subject to regular back up procedures, including computer programs, applications, account information, customer information, private or personal information, marketing information, financial information, and any other information maintained by the "named insured" in its ordinary course of business.

**14.** "Data protection loss" means:

**a.** with respect to any "data asset" that is altered, corrupted, destroyed, deleted or damaged, the actual, reasonable and necessary costs and expenses incurred by the insured to restore a "data asset" from back-ups or from originals or to gather, assemble and recollect such "data asset" from other sources to the level or condition in which it existed immediately prior to its alteration, corruption, destruction, deletion or damage; or

**b.** with respect to any "data asset" that the insured is unable to access, the lesser of the actual, reasonable and necessary costs and expenses incurred by the "insured organization**"** to:

**i.** regain access to such "data asset"; or

**ii.** restore such "data asset" from back-ups or originals or gather, assemble and recollect such "data asset" from other sources, to the level or condition in which it existed immediately prior to the insured's inability to access it;

**a)** Provided that if such "data asset" cannot reasonably be accessed, restored, gathered, assembled or recollected, then "data protection loss" means the actual, reasonable and necessary costs and expenses incurred by the insured to reach this determination. Provided further that "data protection loss" shall not exceed, and shall not mean, any amount in excess of the amount by which the net profit before income taxes of the insured would have decreased had the insured failed to restore, gather, assemble or recollect as set forth in subparagraphs a. and b. above.

**c.** "data protection loss" shall not mean, and there shall be no coverage under **SECTION I – INSURING AGREEMENTS, 7. First Party Data Protection** for:

**i.** costs or expenses incurred by the insured to identify or remediate software program errors or vulnerabilities or update, replace, restore, gather, assemble, reproduce, recollect or enhance a "data asset" or "computer systems" to a level beyond that which existed prior to the alteration, corruption, destruction, deletion or damage of such "data asset";

**ii.** costs or expenses to research or develop any "data asset", including but not limited to trade secrets or other proprietary information;

**iii.** the monetary value of profits, royalties, or lost market share related to a "data asset", including but not limited to trade secrets or


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other proprietary information or any other amount pertaining to the value of the "data asset";

**iv.** loss arising out of any liability to any third party for whatever reason; or

**v.** legal costs or legal expenses of any type.

**15.** "Denial of service attack" means a cyber-attack where the perpetrator seeks to make a machine or network resource unavailable to its intended users.

**16.** "Digital currency" means a type of digital currency that:

**a.** requires cryptographic techniques to regulate the generation of units of currency and verify the transfer thereof;

**b.** is both stored and transferred electronically; and

**c.** operates independently of a central bank or other central authority.

**17.** "Employee" means:

**a.** A natural person:

**i.** while in the regular service of the "insured organization" in the ordinary course of its business; and

**ii.** whom the "insured organization" has the right to direct and control while performing labor or service for the "insured organization"; and

**iii.** who is compensated directly by the "insured organization" through salary, wages or commissions;

**iv.** a natural person who is directed and controlled by the "insured organization" while performing labor or service for the "insured organization" Benefit Plan, as defined in Employee Retirement Income Security Act of 1974 and any amendments thereto ("ERISA"), which is or becomes solely sponsored by the "insured organization"; or

**v.** required to be bonded by Title 1 of ERISA.

**18.** "Extended income loss" means the "income loss" during the "extended interruption period".

**19.** "Extended interruption period" means the period of time that:

**a.** begins on the date and time that the "period of restoration" ends; and

**b.** terminates on the date and time the insured restores, or would have restored if the insured had exercised due diligence and dispatch, the net profit before income taxes that would have been earned by the insured directly through its business operations had the actual and necessary interruption or suspension of "computer systems" not occurred;

Provided that in no event shall the "extended interruption period" mean more than or exceed thirty (30) days.

**20.** "Extortion payment" means cash, "digital currency", marketable goods or services demanded to prevent or terminate an "extortion threat".

**21.** "Extortion threat" means a threat to breach "computer security" in order to:

**a.** alter, destroy, damage, delete or corrupt any "data asset";

**b.** prevent access to "computer systems" or a "data asset", including a "denial of service attack";

**c.** encrypting a "data asset" and withholding the decryption key for such "data asset";

**d.** perpetrate a theft or misuse of a "data asset" on "computer systems" through external access;

**e.** introduce "malicious code" into "computer systems" or to third party computers and systems from "computer systems"; or

**f.** interrupt or suspend "computer systems";

Unless an "extortion payment" is received from or on behalf of the insured.

**22.** "Extra expense" means reasonable and necessary expenses that are incurred by the insured during the "period of restoration" to minimize, reduce or avoid an "income loss", provided that such expenses:

**a.** are over and above those the insured would have incurred had no interruption or suspension of the "computer systems" occurred; and

**b.** do not exceed the amount by which the "income loss" in excess of the retention and covered under this insurance is thereby reduced.

Provided that "extra expense" shall not mean, and there shall be no coverage under **SECTION I – INSURING AGREEMENTS, 8. First Party Network Business Interruption**, for expenses incurred by the insured to update, upgrade, enhance or replace "computer systems" to a level beyond that which existed prior to the actual and necessary interruption or suspension of "computer systems" or the costs and expenses incurred by the insured to restore, reproduce, or regain access to any "data asset" that was altered, corrupted, destroyed, deleted, damaged or rendered inaccessible as a result of the failure of "computer security" to prevent a "security breach".

**23.** "Forensic expenses" means reasonable and necessary expenses incurred by the insured to investigate the source or cause of the failure of "computer security" to prevent a "security breach".

**24.** "Income loss" means:

**a.** the net profit before income taxes that the insured is prevented from earning through its business operations or the net loss before income taxes that the insured is unable to avoid through its business operations as a direct result of the actual and necessary interruption or suspension of "computer systems"; and


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**b.** fixed operating expenses incurred by the insured (including payroll), but only to the extent that such operating expenses must necessarily continue during the "period of restoration" (or "extended interruption period", if applicable) and such expenses would have been incurred by the insured had such interruption or suspension not occurred.

"Income loss" shall be reduced to the extent the insured is able, with reasonable dispatch and due diligence, to reduce or limit such interruption or suspension of "computer systems" or conduct its business operations by other means. In determining "income loss", due consideration shall be given to the prior experience of the insured's business operations before the beginning of the "period of restoration" and to the probable business operations the "insured organization" could have performed had no actual and necessary interruption or suspension occurred as result of a failure of "computer security" to prevent a "security breach". "Income loss" will be calculated on an hourly basis based on the insured's net profit (or loss) and fixed operating expenses as set forth above.

**25.** "Insured organization" means the "named insured" and any "subsidiaries" of the "named insured".

**26.** "Legal services" means fees charged by an attorney:

**a.** to determine the applicability of and actions necessary for the "insured organization" to comply with "breach notice laws" due to an actual or reasonably suspected theft, loss or "unauthorized disclosure" of "personally identifiable information";

**b.** to provide necessary legal advice to the "insured organization" in responding to actual or suspected theft, loss or "unauthorized disclosure" of "personally identifiable information";

**c.** to advise the "insured organization" regarding the notification of relevant governmental entities of an actual or reasonably suspected theft, loss or "unauthorized disclosure" of "personally identifiable information"; and

**d.** to advise the "insured organization" in responding to credit card system operating regulation requirements for any actual or suspected compromise of credit card data that is required to be reported to the "insured organization's" merchant bank under the terms of a "merchant services agreement"; however, "legal services" do not include fees incurred in any actual or threatened legal proceeding, arbitration or mediation, or any advice in responding to credit card system operating regulation in connection with an assessment of "PCI fines, expenses, and costs".

"Legal services" will be provided in accordance with the terms and conditions set forth in this Endorsement and will be provided by an attorney selected by us in consultation with the "insured organization".

**27.** "Loss" means:

**a.** "business interruption loss";

**b.** "damages";

**c.** "claims expenses";

**d.** "cyber extortion loss";

**e.** "data protection loss";

**f.** "penalties";

**g.** "PCI fines, expenses and costs";

**h.** privacy breach response services.

**28.** "Malicious code" means any virus, Trojan horse, worm or any other similar software program, code or script intentionally designed to insert itself into computer memory or onto a computer disk and spread itself from one computer to another.

**29.** "Management control" means:

**a.** owning, directly or indirectly, more than fifty percent (50%) of the outstanding securities, representing the present right to vote for the election of an entity's directors, members of the board of managers, management committee members or persons serving in a functionally equivalent role for such an entity operating or organization outside of the United States; or

**b.** having the right, pursuant to a written contract or bylaws, charter, operating agreement or similar documents of an entity to elect, appoint or designate a majority of:

**i.** the Board of Directors of a corporation;

**ii.** the Management Committee of a joint venture or partnership;

**iii.** the Management Board of a limited liability company; or

**iv.** persons serving in a functionally equivalent role for such an entity operating or organized outside of the United States.

**30.** "Manager" means manager of a limited liability company.

**31.** "Media material" means any information in electronic form, including words, sounds, numbers, images, or graphics and shall include advertising, video, streaming content, web-casting, online forums, bulletin boards and chat room content, but does not mean computer software or the actual goods, products or services described, illustrated or displayed in such "media material".

**32.** "Merchant services agreement" means any agreement between an insured and a financial institution, credit/debit company, credit/debit card processor or independent service operator enabling an insured to accept credit card, debit card, prepaid card, or other payment cards for payments or donations.


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**33.** "Named insured" means the individual, partnership, entity or corporation designated as such in the declarations of the Policy.

**34.** "Notification services" means:

**a.** notification by first class mail or e-mail to United States, Canadian or Mexican residents; and

**b.** notification by first class mail or e-mail to individuals residing outside the United States, Canada or Mexico, but only to the extent reasonably practicable.

"Notification services" will be provided by a service provider selected by us in consultation with the "insured organization".

**35.** "Notified individual" means an individual person to whom notice is given or attempted to be given under paragraph d. of **SECTION I – INSURING AGREEMENTS, 2. Privacy Breach Response Services** pursuant to a "breach notice law".

**36.** "PCI fines, expenses and costs" means the direct monetary fines, penalties, reimbursements, fraud recoveries or assessments owed by the "insured organization" under the terms of a "merchant services agreement", but only where such fines, penalties, reimbursements, fraud recoveries or assessments result both from the "insured organization's" actual or alleged noncompliance with published Payment Card Industry (PCI) Data Security Standards and from a data breach caused by an incident, or reasonably suspected incident, described in paragraphs a. and b. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability**; provided, that the term "PCI fines, expenses and costs" shall not include or mean any charge backs, interchangeable fees, discount fees or prospective service fees.

**37.** "Penalties" means:

**a.** any civil fine or punitive sum of money payable to a governmental entity that was imposed in a "regulatory proceeding" by any other federal, state, local or foreign governmental entity, in such entity's regulatory or official capacity; the insurability of "penalties" shall be in accordance with the law in the applicable venue that most favors coverage for such "penalties"; and

**b.** amounts which the insured is legally obligated to deposit in a fund as equitable relief for the payment of consumer claims due to an adverse judgment or settlement of a "regulatory proceeding"; but shall not include payments to charitable organizations or disposition of such funds other than for payment of consumer claims for losses caused by an event covered pursuant to paragraphs a., b., or c. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability**;

**c.** "Penalties" do not mean:

**i.** costs to remediate or improve "computer systems";

**ii.** costs to establish, implement, maintain, improve or remediate security or privacy practices, procedures, programs or policies;

**iii.** audit, assessment, compliance or reporting costs; or

**iv.** costs to protect the confidentiality, integrity and/or security of "personally identifiable information" from theft, loss or disclosure.

**38.** "Period of restoration" means the time period that:

**a.** begins on the specific date and time that the actual and necessary interruption or suspension of "computer systems" first occurred; and

**b.** ends on the specific date and time that the actual and necessary interruption or suspension of "computer systems" ends, or would have ended had the insured acted with due diligence and dispatch;

Provided that in no event shall the "period of restoration" mean more than or exceed thirty (30) days; and provided, that restoration of "computer systems" will not end the "period of restoration" if such systems are actually and necessarily interrupted or suspended again within one hour of such restoration due to the same cause as the original interruption or suspension.

**39.** "Personally identifiable information" means:

**a.** information concerning the individual that constitutes nonpublic personal information as defined in the Gramm-Leach Bliley Act of 1999, as amended, and regulations issued pursuant to this Act;

**b.** medical or health care information concerning the individual, including protected health information as defined in the Health Insurance Portability and Accountability Act of 1996, as amended, and regulations issued pursuant to this Act.

**c.** information concerning the individual that is defined as private personal information under statutes enacted to protect such information in foreign countries, for "claims" subject to the law of such jurisdiction;

**d.** information concerning the individual that is defined as private personal information under a "breach notice law";

**e.** education records as defined by the Family Educational Rights and Privacy Act which are directly related to an individual's attendance as a student; or

**f.** the individual's drivers' license or state identification number, social security number, unpublished telephone number, and credit, debit, or other financial account numbers in combination


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with associated security codes, access codes, passwords or pins; if such information allows an individual to be uniquely and reliably identified or contacted or allows access to the individual's financial account or medial record information.

"Personally identifiable information" does not include publicly available information that is lawfully made available to the general public from government records.

**40.** "Policy period" means the period of time between the inception date and the effective date of termination, expiration or cancellation of this coverage and specifically excludes any optional extension period or any prior policy period or renewal period.

**41.** "Privacy law" means a federal, state or foreign statute or regulation requiring the "insured organization" to protect the confidentiality and/or security of "personally identifiable information".

**42.** "Privacy policy" means the "insured organization's" public declaration of its policy for collection, use, disclosure, sharing, dissemination and correction or supplementation of, and access to "personally identifiable information".

**43.** "Property" means tangible property other than "money" or "securities" that has intrinsic value.

**44.** "Public relations and crisis management expenses" shall mean the following costs, approved in advance by us, which are directly related to mitigating harm to the "insured organization's" reputation or potential "loss" covered by this Endorsement resulting from an incident described in paragraphs a. and b. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability** or from a "public relations event":

**a.** costs incurred by a public relations or crisis management consultant;

**b.** costs for media purchasing or for printing or mailing materials intended to inform the general public about the incident,

**c.** for incidents or events in which notifications services are not otherwise provided pursuant to **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability** and **2. Privacy Breach Response Services**, costs to provide notifications and notices via e-mail or first class mail to affected individuals where such notifications are not required by law (voluntary notifications), including non-affected customers or patients of the "insured organization";

**d.** costs to provide government mandated public notices related to breach events (including such notifications required under the Health Insurance Portability and Accountability Act of 1996 or the Health Information Technology for Economic and Clinical Health Act;

**e.** costs to provide services to restore healthcare records of "notified individuals" residing in the United States whose "personally identifiable information" was compromised as a result of theft, loss or "unauthorized disclosure"; and

**f.** other costs approved in advance by us.

"Public relations and crisis management expenses" must be incurred no later than twelve (12) months following the reporting of such "claim" or breach event to us and, with respect to paragraphs a. and b. above, within ninety (90) days following the first publication of such "claim" or incident. If voluntary notifications are provided, e-mail notification will be provided in lieu of first class mail to the extent practicable.

**45.** "Public relations event" means the publication or imminent publication in a newspaper (or other general circulation print publication) or on radio, television or a publically accessible website of a covered "claim" or incident under this Endorsement.

**46.** "Regulatory proceeding" means a request for information, civil investigative demand or civil proceeding commenced by service of a complaint or similar proceeding brought by or on behalf of any federal, state, local or foreign governmental entity in such entity's regulatory or official capacity in connection with such proceeding.

**47.** "Related party" means the "insured organization" and any past, present or future employees, directors, officers, "managers", partners or natural person independent contractors of the "insured organization".

**48.** "Security breach" means:

**a.** "unauthorized access or use" of "computer systems", including "unauthorized access or use" resulting from the theft of a password from a "computer system" or from any insured;

**b.** A "denial of service attack" against "computer systems" or "computer systems" that are not owned, operated or controlled by an insured; or

**c.** infection of "computer systems" by "malicious code" or transmission of "malicious code" from "computer systems".

A series of continuing "security breaches", related or repeated "security breaches", or multiple "security breaches" resulting from a continuing failure of "computer security" shall be considered a single "security breach" and be deemed to have occurred at the time of the first such "security breach".

**49.** "Subsidiary" means any corporation, limited liability company, joint venture or partnership while the "named insured" has "management control" over such entity, if the "named insured":

**a.** had "management control" over such entity on the inception date of this Endorsement or such entity was an insured under a Policy issued by us of which this Endorsement is a renewal;


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**b.** acquires "management control" after the inception date of this Endorsement provided the revenues of the entity do not exceed fifteen percent (15%) of the "named insured's" annual revenues for the four quarterly periods directly preceding inception of the Endorsement; or

**c.** provided that this coverage only provides coverage for acts, errors, omissions, incidents or events that take place while the "named insured" has "management control" over such entity.

**50.** "Third party information" means any trade secret, data, design, interpretation, forecast, formula, method, practice, credit or debit card magnetic strip information, process, record, report or other item of information of a third party not insured under this Endorsement which is not available to the general public and is provided to the insured subject to a mutually executed written confidentiality agreement or which the "insured organization" is legally required to maintain in confidence; however, "third party information" shall not include "personally identifiable information".

**51.** "Unauthorized access or use" means the gaining of access to or use of "computer systems" by an unauthorized person or persons or the use of "computer systems" in an unauthorized manner.

**52.** "Unauthorized disclosure" means the disclosure of (including disclosure resulting from phishing) or access to information in a manner that is not authorized by the "insured organization" and is without knowledge of, consent, or acquiescence of any member of the "control group".

**53.** "Vendor" means any entity or natural person that provides goods or services to the insured pursuant to a written agreement.

**54.** "Waiting period" means the period of time beginning when the "period of restoration" begins and expiring after the elapse of the number of hours set forth in the Schedule. A "waiting period" shall apply to each "period of restoration".


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# CYBER BREACH RESPONSE
# SUPPLEMENTAL DECLARATIONS

**THIS ENDORSEMENT'S LIABILITY INSURING AGREEMENTS PROVIDE COVERAGE ON A CLAIMS MADE AND REPORTED BASIS AND APPLY ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED DURING THE ENDORSEMENT PERIOD OR THE OPTIONAL EXTENSION PERIOD (IF APPLICABLE) AND REPORTED TO US IN ACCORDANCE WITH THE TERMS OF THIS ENDORSEMENT. AMOUNTS INCURRED AS CLAIMS EXPENSES UNDER THIS ENDORSEMENT WILL REDUCE AND MAY EXHAUST THE LIMIT OF LIABILITY AND ARE SUBJECT TO RETENTIONS. CERTAIN COVERAGES REQUIRE OUR PRIOR CONSENT OR APPROVAL. PLEASE READ THIS ENDORSEMENT CAREFULLY.**

**Named Insured:** THE VILLAGE GREEN AT THE VALLEY

**Named Insured Address:** PO BOX 2607 ,
Sun Valley, Idaho, 83353

**Endorsement Number:** 000

**Endorsement Period:** From: 06/05/2025 To: 06/05/2026
At 12:01 a.m. Local Time at the Named Insured Address

| | Aggregate Limit | | Retention |
|---|---|---|---|
| **Endorsement Aggregate Limit of Liability:** | $50,000 | | |
| **Breach Response Aggregate Limit of Coverage**<br>In addition to the Endorsement Aggregate Limit of Liability | | | |
| Breach Response: | $25,000 | each incident | $2,500 |
| **First Party Loss** | | | |
| Business Interruption Loss: | $10,000 | each incident | $2,500 |
| Cyber Extortion Loss: | $10,000 | each incident | $2,500 |
| Data Recovery Costs: | $10,000 | each incident | $2,500 |
| Reputational Loss: | $10,000 | each incident | $2,500 |
| **eCrime** | | | |
| Fraudulent Instruction: | $5,000 | each loss | $0 |
| Funds Transfer Fraud: | $5,000 | each loss | $0 |
| Telephone Fraud: | $5,000 | each loss | $0 |
| Criminal Reward: | $5,000 | | $0 |
| **Liability** | | | |
| Data & Network Liability: | $50,000 | each Claim | $2,500 |
| Regulatory Defense & Penalties: | $10,000 | each Claim | $2,500 |
| Payment Card Liabilities & Costs: | $5,000 | each Claim | $2,500 |
| Media Liability: | $50,000 | each Claim | $2,500 |

# CYBER BREACH RESPONSE ENDORSEMENT

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

This Endorsement modifies insurance provided under the following:

**COMMERCIAL ADVANTAGE POLICY**
**COMMERCIAL GENERAL LIABILITY COVERAGE PART**

**THIS ENDORSEMENT'S LIABILITY INSURING AGREEMENTS PROVIDE COVERAGE ON A CLAIMS MADE AND REPORTED BASIS AND APPLY ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED DURING THE ENDORSEMENT PERIOD OR THE OPTIONAL EXTENSION PERIOD (IF APPLICABLE) AND REPORTED TO US IN ACCORDANCE WITH THE TERMS OF THIS ENDORSEMENT. AMOUNTS INCURRED AS CLAIMS EXPENSES UNDER THIS ENDORSEMENT WILL REDUCE AND MAY EXHAUST THE LIMIT OF LIABILITY AND ARE SUBJECT TO RETENTIONS. CERTAIN COVERAGES REQUIRE OUR PRIOR CONSENT OR APPROVAL. PLEASE READ THIS ENDORSEMENT CAREFULLY.**

**Quick Reference**

SECTION I – INSURING AGREEMENTS……2
1. Breach Response……2
2. First Party Loss……2
3. Liability……2
4. eCrime……3
SECTION II – DEFINITIONS……3
SECTION III – EXCLUSIONS……9
SECTION IV – LIMIT OF LIABILITY AND COVERAGE……12
SECTION V – RETENTIONS……12
SECTION VI – OPTIONAL EXTENSION PERIOD……12
SECTION VII – GENERAL CONDITIONS……12

This Cyber Breach Response Endorsement is added to the Policy and the terms and conditions of this Endorsement govern the scope of coverage and your and our duties. This Endorsement amends the Policy to provide breach response coverage. Various provisions in this Endorsement restrict coverage. Read the entire Endorsement carefully to determine your rights and duties and what is and is not covered. The terms, conditions, exclusions, and limits of liability set forth in this Endorsement apply only to the coverage provided by this Endorsement.

The words **we**, **us**, and **our** refer to the company providing this coverage. The term **Policy** refers to the policy to which this Endorsement is attached. Words and phrases that appear in **bold** have special meaning. Refer to **DEFINITIONS**. To the extent any words or phrases used in this Endorsement are defined elsewhere in the Policy, such definitions provided elsewhere do not apply to give meaning to the words or phrases used in this Endorsement.

The terms and conditions of the Cancellation provision of the Policy, and any amendment to such terms, are incorporated herein and shall apply to coverage as is afforded by this Endorsement, unless specifically stated otherwise in an endorsement(s) attached hereto.

We agree with the **Named Insured**, in consideration of the payment of the premium and reliance upon the statements contained in the information and materials provided to us in connection with the underwriting and issuance of this Endorsement and subject to all the provisions, terms and conditions of this Endorsement:


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**SECTION I – INSURING AGREEMENTS**

1. **Breach Response**

   To provide **Breach Response Services** to the **Insured Organization** because of an actual or reasonably suspected **Data Breach** or **Security Breach** that the **Insured** first discovers during the **Endorsement Period**.

2. **First Party Loss**

   To indemnify the **Insured Organization** for:

   a. *Business Interruption Loss*

   **Business Interruption Loss** that the **Insured Organization** sustains as a result of a **Security Breach** that the **Insured** first discovers during the **Endorsement Period**.

   *b. Cyber Extortion Loss*

   **Cyber Extortion Loss** that the **Insured Organization** incurs as a result of an **Extortion Threat** first made against the **Insured Organization** during the **Endorsement Period**.

   *c. Data Recovery Costs*

   **Data Recovery Costs** that the **Insured Organization** incurs as a direct result of a **Security Breach** that the **Insured** first discovers during the **Endorsement Period**.

   *d. Reputational Loss*

   **Reputational Loss** that the **Insured Organization** incurs during the **Notification Period** as a result of

   i. an actual or reasonably suspected **Data Breach** or **Security Breach** that the **Insured Organization** first discovers during the **Endorsement Period**, and

   ii. for which individuals have been notified pursuant to part 4. of the **Breach Response Services** definition.

3. **Liability**

   *a. Data & Network Liability*

   To pay **Damages** and **Claims Expenses**, which the **Insured** is legally obligated to pay because of any **Claim** first made against any **Insured** during the **Endorsement Period** for:

   i. a **Data Breach**;

   ii. a **Security Breach**;

   iii. the **Insured Organization's** failure to timely disclose a **Data Breach** or **Security Breach**;

   iv. failure by the **Insured** to comply with that part of a **Privacy Policy** that specifically:

   1. prohibits or restricts the **Insured Organization's** disclosure, sharing or selling of **Personally Identifiable Information**;
   2. requires the **Insured Organization** to provide an individual access to **Personally Identifiable Information** or to correct incomplete or inaccurate **Personally Identifiable Information** after a request is made; or
   3. mandates procedures and requirements to prevent the loss of **Personally Identifiable Information**;

   provided the **Insured Organization** has in force, at the time of such failure, a **Privacy Policy** that addresses those subsections above that are relevant to such **Claim**.

   *b. Regulatory Defense & Penalties*

   To pay **Penalties** and **Claims Expenses**, which the **Insured** is legally obligated to pay because of a **Regulatory Proceeding** first made against any **Insured** during the **Endorsement Period** for a **Data Breach** or a **Security Breach**.

   *c. Payment Card Liabilities & Costs*

   To indemnify the **Insured Organization** for **PCI Fines, Expenses and Costs** which it is legally obligated to pay because of a **Claim** first made against any **Insured** during the **Endorsement Period**.

   *d. Media Liability*

   To pay **Damages** and **Claims Expenses**, which the **Insured** is legally obligated to pay because of any **Claim** first made against any **Insured** during the **Endorsement Period** for **Media Liability**.

4. **eCrime**

   To indemnify the **Insured Organization** for any direct financial loss sustained resulting from:

   1. **Fraudulent Instruction**;
   2. **Funds Transfer Fraud**; or


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3. **Telephone Fraud**;

that the **Insured** first discovers during the **Endorsement Period** or to indemnify the **Insured Organization** for **Criminal Reward Funds**.

**SECTION II – DEFINITIONS**

1. **Additional Insured** means any person or entity that the **Insured Organization** has agreed in writing to add as an **Additional Insured** under the Policy or Endorsement prior to the commission of any act for which such person or entity would be provided coverage under this Endorsement, but only to the extent the **Insured Organization** would have been liable and coverage would have been afforded under the terms and conditions of this Endorsement had such **Claim** been made against the **Insured Organization**.
2. **Breach Notice Law** means any statute or regulation that requires notice to persons whose personal information was accessed or reasonably may have been accessed by an unauthorized person. **Breach Notice Law** also includes any statute or regulation requiring notice of a **Data Breach** to be provided to governmental or regulatory authorities.
3. **Breach Response Services** means the following fees and costs in response to an actual or reasonably suspected **Data Breach** or **Security Breach**:
   **a.** for an attorney to provide necessary legal advice to the **Insured Organization** to evaluate its obligations pursuant to **Breach Notice Laws** or a **Merchant Services Agreement** and in connection with providing the **Breach Response Services** described below;
   **b.** for a computer security expert to determine the existence, cause, and scope of an actual or reasonably suspected **Data Breach**, and if such **Data Breach** is actively in progress on the **Insured Organization's Computer Systems**, to assist in containing it;
   **c.** for a PCI Forensic Investigator to investigate the existence and extent of an actual or reasonably suspected Data Breach involving payment card data and for a Qualified Security Assessor to certify and assist in attesting to the Insured Organization's PCI compliance, as required by a Merchant Services Agreement;
   **d.** to notify those individuals whose Personally Identifiable Information was potentially impacted by a Data Breach;
   **e.** to provide a call center to respond to inquiries about a Data Breach;
   **f.** to provide a credit monitoring, identity monitoring or other solution approved by us to individuals whose Personally Identifiable Information was potentially impacted by a Data Breach; and
   **g.** public relations and crisis management costs directly related to mitigating harm to the Insured Organization which are approved in advance by us in our discretion.

   **Breach Response Services** will be provided by providers chosen by us, from our panel, in consultation with the **Insured**, will be subject to the terms and conditions of this Endorsement, and will not include any internal salary or overhead expenses of the **Insured Organization**.
4. **Business Interruption Loss** means:
   **a.** **Income Loss**;
   **b.** **Forensic Expenses**; and
   **c.** **Extra Expense**;

   actually sustained during the **Period of Restoration** as a result of the actual interruption of the **Insured Organization's** business operations caused by a **Security Breach**. Coverage for **Business Interruption Loss** will apply only after the **Waiting Period** has elapsed.

   **Business Interruption Loss** will not include:
   i. loss arising out of any liability to any third party;
   ii. legal costs or legal expenses;
   iii. loss incurred as a result of unfavorable business conditions;
   iv. loss of market or any other consequential loss; or
   v. **Data Recovery Costs**.
5. **Claim** means:
   **a.** a written demand received by any **Insured** for money or services;
   **b.** with respect to coverage provided under the Regulatory Defense & Penalties insuring agreement only, institution of a **Regulatory Proceeding** against any **Insured**; and


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c. with respect to coverage provided under part 1. of the Data & Network Liability insuring agreement only, a demand received by any **Insured** to fulfill the **Insured Organization's** contractual obligation to provide notice of a **Data Breach** pursuant to a **Breach Notice Law**;

Multiple **Claims** arising from the same or a series of related, repeated, or continuing acts, errors, omissions, or events will be considered a single **Claim** for the purposes of this Endorsement. All such **Claims** will be deemed to have been made at the time of the first such **Claim**.

6. **Claims Expenses** means:
   a. all reasonable and necessary legal costs and expenses resulting from the investigation, defense, and appeal of a **Claim**, if incurred by us, or by the **Insured** with our prior written consent.; and
   b. the premium cost for appeal bonds for covered judgments or bonds to release property used to secure a legal obligation, if required in any **Claim** against an **Insured**; provided we will have no obligation to appeal or to obtain bonds.

   **Claims Expenses** will not include any salary, overhead, or other charges by the **Insured** for any time spent in cooperating in the defense and investigation of any **Claim** or circumstance that might lead to a **Claim** notified under this Endorsement, or costs to comply with any regulatory orders, settlements, or judgments.
7. **Computer Systems** means computers, any software residing on such computers and any associated devices or equipment:
   a. operated by and either owned by or leased to the **Insured Organization**; or
   b. with respect to coverage under the Breach Response and Liability insuring agreements, operated by a third party pursuant to written contract with the **Insured Organization** and used for the purpose of providing hosted computer application services to the **Insured Organization** or for processing, maintaining, hosting, or storing the **Insured Organization's** electronic data.
8. **Control Group** means any principal, partner, corporate officer, director, general counsel (or most senior legal counsel) or risk manager of the **Insured Organization** and any individual in a substantially similar position.
9. **Criminal Reward Funds** means any amount offered and paid by the **Insured Organization** with our prior written consent for information that leads to the arrest and conviction of any individual(s) committing or trying to commit any illegal act related to any coverage under this Endorsement; but will not include any amount based upon information provided by the **Insured**, the **Insured's** auditors or any individual hired or retained to investigate the illegal acts. All **Criminal Reward Funds** offered pursuant to this Endorsement must expire no later than 6 months following the end of the **Endorsement Period**.
10. **Cyber Extortion Loss** means:
    a. any **Extortion Payment** that has been made by or on behalf of the **Insured Organization** with our prior written consent to prevent or terminate an **Extortion Threat**; and
    b. reasonable and necessary expenses incurred by the **Insured Organization** with our prior written consent to prevent or respond to an **Extortion Threat**.
11. **Damages** means a monetary judgment, award, or settlement, including any award of prejudgment or post-judgment interest; but **Damages** will not include:
    a. future profits, restitution, disgorgement of unjust enrichment or profits by an **Insured**, or the costs of complying with orders granting injunctive or equitable relief;
    b. return or offset of fees, charges or commissions charged by or owed to an **Insured** for goods or services already provided or contracted to be provided;
    c. taxes or loss of tax benefits;
    d. fines, sanctions, or penalties;
    e. **punitive** or exemplary damages or any damages which are a multiple of compensatory damages, unless insurable by law in any applicable venue that most favors coverage for such **punitive**, exemplary, or multiple damages;
    f. discounts, coupons, prizes, awards, or other incentives offered to the **Insured's** customers or clients;
    g. liquidated damages, but only to the extent that such damages exceed the amount for which the **Insured** would have been liable in the absence of such liquidated damages agreement;
    h. fines, costs, or other amounts an **Insured** is responsible to pay under a **Merchant Services Agreement**; or
    i. any amounts for which the **Insured** is not liable, or for which there is no legal recourse against the **Insured**.


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12. **Data** means any software or electronic data that exists in **Computer Systems** and that is subject to regular back-up procedures.
13. **Data Breach** means the theft, loss, or **Unauthorized Disclosure** of **Personally Identifiable Information** or **Third Party Information** that is in the care, custody, or control of the **Insured Organization** or a third party for whose theft, loss or **Unauthorized Disclosure** of **Personally Identifiable Information** or **Third Party Information** the **Insured Organization** is liable.
14. **Data Recovery Costs** means the reasonable and necessary costs incurred by the **Insured Organization** to regain access to, replace, or restore **Data**, or if **Data** cannot reasonably be accessed, replaced, or restored, then the reasonable and necessary costs incurred by the **Insured Organization** to reach this determination.

    **Data Recovery Costs** will not include:
    i. the monetary value of profits, royalties, or lost market share related to Data, including but not limited to trade secrets or other proprietary information or any other amount pertaining to the value of **Data**;
    ii. legal costs or legal expenses;
    iii. loss arising out of any liability to any third party;
    iv. **Cyber Extortion Loss**, or
    v. any of the **Insured Organization's** internal salary or overhead expenses.
15. **Digital Currency** means a type of digital currency that:
    **a.** requires cryptographic techniques to regulate the generation of units of currency and verify the transfer thereof;
    **b.** is both stored and transferred electronically; and
    **c.** operates independently of a central bank or other central authority.
16. **Endorsement Period** means the period of time between the inception date listed in the Supplemental Declarations and the effective date of termination, expiration or cancellation of this Endorsement and specifically excludes any Optional Extension Period or any prior **Endorsement Period** or renewal period.
17. **Extortion Payment** means **Money**, **Digital Currency**, marketable goods, or services demanded to prevent or terminate an **Extortion Threat**.
    **Extortion Threat** means a threat to:
    i. alter, destroy, damage, delete or corrupt **Data**;
    ii. perpetrate the **Unauthorized Access or Use of Computer Systems**;
    iii. prevent access to **Computer Systems** or **Data**;
    iv. steal, misuse or publicly disclose **Data**, **Personally Identifiable Information,** or **Third Party Information**;
    v. introduce malicious code into **Computer Systems** or to third party computer systems from **Computer Systems**; or
    vi. interrupt or suspend **Computer Systems**;
    unless an **Extortion Payment** is received from or on behalf of the **Insured Organization**.
18. **Extra Expense** means reasonable and necessary expenses incurred by the **Insured Organization** during the **Period of Restoration** to minimize, reduce, or avoid **Income Loss**, over and above those expenses the **Insured Organization** would have incurred had no **Security Breach** occurred.
19. **Financial Institution** means a bank, credit union, saving and loan association, trust company or other licensed financial service, securities broker-dealer, mutual fund, or liquid assets fund or similar investment company where the **Insured Organization** maintains a bank account.
20. **Forensic Expenses** means reasonable and necessary expenses incurred by the **Insured Organization** to investigate the source or cause of a **Business Interruption Loss**.
21. **Fraudulent Instruction** means the transfer, payment or delivery of **Money** or **Securities** by an **Insured** as a result of fraudulent written, electronic, telegraphic, cable, teletype or telephone instructions provided by a third party, that is intended to mislead an **Insured** through the misrepresentation of a material fact which is relied upon in good faith by such **Insured**.
    **Fraudulent Instruction** will not include loss arising out of:
    i. fraudulent instructions received by the **Insured** which are not first authenticated via a method other than the original means of request to verify the authenticity or validity of the request;


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ii. any actual or alleged use of credit, debit, charge, access, convenience, customer identification or other cards;
iii. any transfer involving a third party who is not a natural person **Insured**, but had authorized access to the **Insured's** authentication mechanism;
iv. the processing of, or the failure to process, credit, check, debit, personal identification number debit, electronic benefit transfers or mobile payments for merchant accounts;
v. accounting or arithmetical errors or omissions, or the failure, malfunction, inadequacy or illegitimacy of any product or service;
vi. any liability to any third party, or any indirect or consequential loss of any kind;
vii. any legal costs or legal expenses; or
viii. proving or establishing the existence of **Fraudulent Instruction**.

**22. Funds Transfer Fraud** means the loss of **Money** or **Securities** contained in a **Transfer Account** at a **Financial Institution** resulting from fraudulent written, electronic, telegraphic, cable, teletype, or telephone instructions by a third party issued to a **Financial Institution** directing such institution to transfer, pay or deliver **Money** or **Securities** from any account maintained by the **Insured Organization** at such institution, without the **Insured Organization's** knowledge or consent.

**Funds Transfer Fraud** will not include any loss arising out of:

i. the type or kind covered by the **Insured Organization's** financial institution bond or commercial crime policy;
ii. any actual or alleged:
    1. fraudulent act or omission,
    2. dishonest act or omission, meaning any willful perversion of truth in order to deceive, cheat, or defraud, or
    3. criminal act or omission, meaning any charge, guilty plea, or conviction,

    by, or involving, any natural person **Insured**;
iii. any indirect or consequential loss of any kind;
iv. **punitive**, exemplary, or multiplied damages of any kind or any fines, penalties, or loss of any tax benefit;
v. any liability to any third party, except for direct compensatory damages arising directly from **Funds Transfer Fraud**;
vi. any legal costs or legal expenses; or proving or establishing the existence of **Funds Transfer Fraud**;
vii. the theft, disappearance, destruction of, unauthorized access to, or unauthorized use of confidential information, including a PIN or security code;
viii. any forged, altered, or fraudulent negotiable instruments, securities, documents, or instructions; or
ix. any actual or alleged use of credit, debit, charge, access, convenience or other cards or the information contained on such cards.

**23. Income Loss** means an amount equal to:

**a.** net profit or loss before interest and tax that the **Insured Organization** would have earned or incurred; and
**b.** continuing normal operating expenses incurred by the **Insured Organization** (including payroll), but only to the extent that such operating expenses must necessarily continue during the **Period of Restoration**.

**24. Individual Contractor** means any natural person who performs labor or service for the **Insured Organization** pursuant to a written contract or agreement with the **Insured Organization**. The status of an individual as an **Individual Contractor** will be determined as of the date of an alleged act, error, or omission by any such **Individual Contractor**.

**25. Insured** means:

**a.** the **Insured Organization**;
**b.** any director or officer of the **Insured Organization**, but only with respect to the performance of his or her duties as such on behalf of the **Insured Organization**;
**c.** an employee (including a part time, temporary, leased, or seasonal employee or volunteer) or **Individual Contractor** of the **Insured Organization**, but only for work done while acting within the scope of his or her employment and related to the conduct of the **Insured Organization's** business;


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**d.** a principal if the **Named Insured** is a sole proprietorship, or a partner if the **Named Insured** is a partnership, but only with respect to the performance of his or her duties as such on behalf of the **Insured Organization**;

**e.** any person who previously qualified as an **Insured** under parts 2. - 4., but only with respect to the performance of his or her duties as such on behalf of the **Insured Organization**;

**f.** the estate, heirs, executors, administrators, assigns and legal representatives of any **Insured** in the event of such **Insured's** death, incapacity, insolvency, or bankruptcy, but only to the extent that such **Insured** would otherwise be provided coverage under this Endorsement;

**g.** the lawful spouse or party to a civil union, including any natural person qualifying as a domestic partner of any **Insured**, but solely by reason of any act, error, or omission of an **Insured** other than such spouse or domestic partner; and

**h.** an **Additional Insured**, but only as respects **Claims** against such person or entity for acts, errors or omissions of the **Insured Organization**.

**26.** **Insured Organization** means the **Named Insured** and any **Subsidiaries**.

**27.** **Loss** means **Breach Response Services**, **Business Interruption Loss**, **Claims Expenses**, **Criminal Reward Funds**, **Cyber Extortion Loss**, **Damages**, **Data Recovery Costs**, **PCI Fines, Expenses and Costs**, **Penalties**, **Reputational Loss,** loss covered under the eCrime insuring agreement and any other amounts covered under this Endorsement.

**a.** Multiple **Losses** arising from the same or a series of related, repeated, or continuing acts, errors, omissions, or events will be considered a single **Loss** for the purposes of this Endorsement.

**b.** With respect to the Breach Response and First Party Loss insuring agreements, all acts, errors, omissions, or events (or series of related, repeated, or continuing acts, errors, omissions, or events) giving rise to a **Loss** or multiple **Losses** in connection with such insuring agreements will be deemed to have been discovered at the time the first such act, error, omission, or event is discovered.

**28.** **Media Liability** means one or more of the following acts committed by, or on behalf of, the **Insured Organization** in the course of creating, displaying, broadcasting, disseminating, or releasing **Media Material** to the public:

**a.** defamation, libel, slander, product disparagement, trade libel, infliction of emotional distress, outrage, outrageous conduct, or other tort related to disparagement or harm to the reputation or character of any person or organization;

**b.** a violation of the rights of privacy of an individual, including false light, intrusion upon seclusion and public disclosure of private facts;

**c.** invasion or interference with an individual's right of publicity, including commercial appropriation of name, persona, voice or likeness;

**d.** plagiarism, piracy, or misappropriation of ideas under implied contract;

**e.** infringement of copyright;

**f.** infringement of domain name, trademark, trade name, trade dress, logo, title, metatag, or slogan, service mark or service name;

**g.** improper deep-linking or framing;

**h.** false arrest, detention or imprisonment;

**i.** invasion of or interference with any right to private occupancy, including trespass, wrongful entry or eviction; or

**j.** unfair competition, if alleged in conjunction with any of the acts listed in parts e. or f. above.

**29.** **Media Material** means any information, including words, sounds, numbers, images, or graphics, but will not include computer software or the actual goods, products or services described, illustrated, or displayed in such **Media Material**.

**30.** **Merchant Services Agreement** means any agreement between an **Insured** and a financial institution, credit/debit card company, credit/debit card processor or independent service operator enabling an **Insured** to accept credit card, debit card, prepaid card or other payment cards for payments or donations.

**31.** **Money** means a medium of exchange in current use authorized or adopted by a domestic or foreign government as a part of its currency.

**32.** **Named Insured** means the Named Insured listed in the Supplemental Declarations.


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33. **Notification Period** means the 30-day period that begins on the specific date on which notified individuals first receive notification of the incident for which notification services are provided.
34. **PCI Fines, Expenses and Costs** means the monetary amount owed by the **Insured Organization** under the terms of a **Merchant Services Agreement** as a direct result of a suspected **Data Breach**. With our prior consent, **PCI Fines, Expenses and Costs** includes reasonable and necessary legal costs and expenses incurred by the **Insured Organization** to appeal or negotiate an assessment of such monetary amount. **PCI Fines, Expenses and Costs** will not include any charge backs, interchange fees, discount fees or other fees unrelated to a **Data Breach**.
35. **Penalties** means:
    **a.** any monetary civil fine or penalty payable to a governmental entity that was imposed in a **Regulatory Proceeding**; and
    **b.** amounts which the **Insured** is legally obligated to deposit in a fund as equitable relief for the payment of consumer claims due to an adverse judgment or settlement of a **Regulatory Proceeding** (including such amounts required to be paid into a Consumer Redress Fund);

    but will not include:
    **i.** costs to remediate or improve **Computer Systems**;
    **ii.** costs to establish, implement, maintain, improve, or remediate security or privacy practices, procedures, programs, or policies;
    **iii.** audit, assessment, compliance or reporting costs; or
    **iv.** costs to protect the confidentiality, integrity and/or security of **Personally Identifiable Information** or other information.

    The insurability of **Penalties** will be in accordance with the law in the applicable venue that most favors coverage for such **Penalties**.
36. **Period of Restoration** means the 180-day period of time that begins upon the actual and necessary interruption of the **Insured Organization's** business operations.
37. **Personally Identifiable Information** means:
    **a.** any information concerning an individual that is defined as personal information under any **Breach Notice Law**; and
    **b.** an individual's drivers license or state identification number, social security number, unpublished telephone number, and credit, debit, or other financial account numbers in combination with associated security codes, access codes, passwords, or PINs; if such information allows an individual to be uniquely and reliably identified or contacted or allows access to the individual's financial account or medical record information.

    but will not include information that is lawfully made available to the general public.
38. **Privacy Policy** means the **Insured Organization's** public declaration of its policy for collection, use, disclosure, sharing, dissemination and correction or supplementation of, and access to **Personally Identifiable Information**.
39. **Punitive Damages** means any damages imposed to punish a wrongdoer and to deter others from similar conduct.
40. **Regulatory Proceeding** means a request for information, civil investigative demand, or civil proceeding brought by or on behalf of any federal, state, local or foreign governmental entity in such entity's regulatory or official capacity.
41. **Reputational Income Loss** means the net profit resulting directly from the **Insured Organization's** business operations, before income taxes, that the **Insured Organization** is prevented from earning as a direct result of damage to the **Insured Organization's** reputation caused by an actual or reasonably suspected **Data Breach** or **Security Breach**. In determining **Reputational Income Loss**, due consideration shall be given to the prior experience of the **Insured Organization's** business operations before the beginning of the **Notification Period** and to the reasonable and probable business operations the **Insured Organization** could have performed had the actual or reasonably suspected **Data Breach** or **Security Breach** not occurred.

    **Reputational Income Loss** does not include any internal salary, costs, or overhead expenses of the **Insured Organization**.
42. **Reputational Loss** means the **Reputational Income Loss** during the **Notification Period**; provided that Reputational Loss shall not mean and no coverage shall be available under this endorsement for any of the following: loss arising out of any liability to any third party for whatever reason; legal costs or legal expenses of any type; loss incurred as a result of unfavorable business conditions, loss of market or any other consequential loss;


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or costs or expenses the **Insured Organization** incurs to identify, investigate, respond to or remediate an actual or reasonably suspected **Data Breach** or **Security Breach**.

43. **Securities** means negotiable and non-negotiable instruments or contracts representing either **Money** or tangible property that has intrinsic value.
44. **Security Breach** means a failure of computer security to prevent:
    a. **Unauthorized Access or Use** of **Computer Systems**, including **Unauthorized Access or Use** resulting from the theft of a password from a **Computer System** or from any **Insured**;
    b. a denial of service attack affecting **Computer Systems**;
    c. with respect to coverage under the Liability insuring agreements, a denial of service attack affecting computer systems that are not owned, operated, or controlled by an **Insured**; or
    d. infection of **Computer Systems** by malicious code or transmission of malicious code from **Computer Systems**.
45. **Subsidiary** means any entity:
    a. which, on or prior to the inception date of this Endorsement, the **Named Insured** owns, directly or indirectly, more than 50% of the outstanding voting securities ("Management Control"); and
    b. which the **Named Insured** acquires Management Control after the inception date of this Endorsement; provided that:
        i. the revenues of such entity do not exceed 15% of the **Named Insured's** annual revenues; or
        ii. if the revenues of such entity exceed 15% of the **Named Insured's** annual revenues, then coverage under this Endorsement will be afforded for a period of 60 days, but only for any **Claim** that arises out of any act, error, omission, incident, or event first occurring after the entity becomes so owned. Coverage beyond such 60 day period will only be available if the **Named Insured** gives us written notice of the acquisition, obtains our written consent to extend coverage to the entity beyond such 60 day period and agrees to pay any additional premium required by us.

    This Endorsement provides coverage only for acts, errors, omissions, incidents, or events that occur while the **Named Insured** has Management Control over an entity.
46. **Telephone Fraud** means the act of a third party gaining access to and using the **Insured Organization's** telephone system in an unauthorized manner.
47. **Third Party Information** means any trade secret, data, design, interpretation, forecast, formula, method, practice, credit or debit card magnetic strip information, process, record, report, or other item of information of a third party not insured under this Endorsement which is not available to the general public.
48. **Transfer Account** means an account maintained by the **Insured Organization** at a **Financial Institution** from which the **Insured Organization** can initiate the transfer, payment or delivery of **Money** or **Securities**.
49. **Unauthorized Access or Use** means the gaining of access to or use of **Computer Systems** by an unauthorized person(s) or the use of **Computer Systems** in an unauthorized manner.
50. **Unauthorized Disclosure** means the disclosure of (including disclosure resulting from phishing) or access to information in a manner that is not authorized by the **Insured Organization** and is without knowledge of, consent or acquiescence of any member of the **Control Group**.
51. **Waiting Period** means the period of time that begins upon the actual interruption of the **Insured Organization's** business operations caused by a **Security Breach** and ends after the elapse of twelve (12) hours.

**SECTION III – EXCLUSIONS**

The coverage under this Endorsement will not apply to any **Loss** arising out of:

1. **Bodily Injury or Property Damage**
    a. Physical injury, sickness, disease, or death of any person, including any mental anguish or emotional distress resulting from such physical injury, sickness, disease, or death; or
    b. Physical injury to or destruction of any tangible property, including the loss of use thereof; but electronic data will not be considered tangible property;
2. **Trade Practices and Antitrust**

    Any actual or alleged false, deceptive, or unfair trade practices, antitrust violation, restraint of trade, unfair competition (except as provided in the Media Liability insuring agreement), or false or deceptive or misleading


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advertising or violation of the Sherman Antitrust Act, the Clayton Act, or the Robinson-Patman Act; but this exclusion will not apply to:

**a.** The Breach Response insuring agreement; or

**b.** Coverage for a **Data Breach** or **Security Breach**, provided no member of the **Control Group** participated or colluded in such **Data Breach** or **Security Breach**;

**3. Gathering or Distribution of Information**

**a.** The unlawful collection or retention of **Personally Identifiable Information** or other personal information by or on behalf of the **Insured Organization**; but this exclusion will not apply to **Claims Expenses** incurred in defending the **Insured** against allegations of unlawful collection of **Personally Identifiable Information**; or

**b.** The distribution of unsolicited email, text messages, direct mail, facsimiles or other communications, wire tapping, audio or video recording, or telemarketing, if such distribution, wire tapping, recording or telemarketing is done by or on behalf of the **Insured Organization**; but this exclusion will not apply to **Claims Expenses** incurred in defending the **Insured** against allegations of unlawful audio or video recording;

**4. Prior Known Acts & Prior Noticed Claims**

**a.** Any act, error, omission, incident, or event committed or occurring prior to the inception date of this Endorsement if any member of the **Control Group** on or before the inception date of this Endorsement knew or could have reasonably foreseen that such act, error or omission, incident or event might be expected to be the basis of a **Claim** or **Loss**;

**b.** Any **Claim**, **Loss**, incident, or circumstance for which notice has been provided under any prior policy or endorsement of which this Endorsement is a renewal or replacement;

**5. Racketeering, Benefit Plans, Employment Liability & Discrimination**

**a.** Any actual or alleged violation of the Organized Crime Control Act of 1970 (commonly known as Racketeer Influenced and Corrupt Organizations Act or RICO), as amended;

**b.** Any actual or alleged acts, errors or omissions related to any of the **Insured Organization's** pension, healthcare, Welfare, profit sharing, mutual or investment plans, funds, or trusts;

**c.** Any employer-employee relations, policies, practices, acts, or omissions, or any actual or alleged refusal to employ any person, or misconduct with respect to employees; or

**d.** Any actual or alleged discrimination;

but this exclusion will not apply to coverage under the Breach Response insuring agreement or parts 1., 2. or 3. of the Data & Network Liability insuring agreement that results from a **Data Breach**; provided no member of the **Control Group** participated or colluded in such **Data Breach**;

**6. Sale or Ownership of Securities & Violation of Securities Laws**

**a.** The ownership, sale, or purchase of, or the offer to sell or purchase stock or other securities; or

**b.** An actual or alleged violation of a securities law or regulation;

**7. Criminal, Intentional, or Fraudulent Acts**

**a.** Any criminal act or omission, meaning any charge, guilty plea, or conviction,

**b.** Any dishonest act or omission, meaning any willful perversion of truth in order to deceive, cheat, or defraud,

**c.** Any fraudulent act or omission, or

**d.** Any malicious act or omission, or

**e.** Any intentional or knowing violation of the law,

if committed by an Insured, or by others if the Insured colluded or participated in any such conduct or activity; but this exclusion will not apply to:

**a.** **Claims Expenses** incurred in defending any **Claim** alleging the foregoing until there is a final non-appealable adjudication establishing such conduct; or

**b.** With respect to a natural person Insured, if such Insured did not personally commit, participate in, or know about any act, error, omission, incident, or event giving rise to such **Claim** or **Loss**.

For purposes of this exclusion, only acts, errors, omissions, or knowledge of a member of the **Control Group** will be imputed to the **Insured Organization**;

**2. Patent, Software Copyright, Misappropriation of Information**

**a.** Infringement, misuse or abuse of patent or patent rights;


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**b.** Infringement of copyright arising from or related to software code or software products other than infringement resulting from a theft or **Unauthorized Access or Use** of software code by a person who is not a past, present, or future employee, director, officer, partner, or independent contractor of the **Insured Organization**; or

**c.** Use or misappropriation of any ideas, trade secrets or **Third Party Information**

**i.** By, or on behalf of, the **Insured Organization**, or

**ii.** By any other person or entity if such use or misappropriation is done with the knowledge, consent, or acquiescence of a member of the **Control Group**;

**3. Governmental Actions**

A **Claim** brought by or on behalf of any state, federal, local, or foreign governmental entity, in such entity's regulatory or official capacity; but this exclusion will not apply to the Regulatory Defense & Penalties insuring agreement;

**4. Other Insureds & Related Enterprises**

A **Claim** made by or on behalf of:

**a.** Any Insured; but this exclusion will not apply to a **Claim** made by an **Additional Insured** or an individual that is not a member of the **Control Group** under the Data & Network Liability insuring agreement; or

**b.** Any business enterprise in which any Insured has greater than 15% ownership interest or made by any parent company or other entity which owns more than 15% of the **Named Insured**;

**5. Trading Losses, Loss of Money & Discounts**

**a.** Any trading losses, trading liabilities or change in value of accounts;

**b.** Any loss, transfer or theft of monies, securities or tangible property of the Insured or others in the care, custody, or control of the Insured Organization;

**c.** The monetary value of any transactions or electronic fund transfers by or on behalf of the Insured which is lost, diminished, or damaged during transfer from, into or between accounts; or

**d.** The value of coupons, price discounts, prizes, awards, or any other valuable consideration given in excess of the total contracted or expected amount;

but this exclusion will not apply to coverage under the eCrime insuring agreement;

**6. Media-Related Exposures**

With respect to the Media Liability insuring agreement:

**a.** Any contractual liability or obligation; but this exclusion will not apply to a **Claim** for misappropriation of ideas under implied contract;

**b.** The actual or alleged obligation to make licensing fee or royalty payments;

**c.** Any costs or expenses incurred or to be incurred by the **Insured** or others for the reprinting, reposting, recall, removal or disposal of any **Media Material** or any other information, content, or media, including any media or products containing such **Media Material**, information, content, or media;

**d.** Any **Claim** brought by or on behalf of any intellectual property licensing bodies or organizations;

**e.** The actual or alleged inaccurate, inadequate, or incomplete description of the price of goods, products or services, cost guarantees, cost representations, contract price estimates, or the failure of any goods or services to conform with any represented quality or performance;

**f.** Any actual or alleged gambling, contest, lottery, promotional game, or other game of chance; or

**g.** Any Claim made by or on behalf of any independent contractor, joint venturer, or venture partner arising out of or resulting from disputes over ownership of rights in **Media Material** or services provided by such independent contractor, joint venturer, or venture partner;

**7. First Party Loss**

With respect to the First Party Loss insuring agreements:

**a.** Seizure, nationalization, confiscation, or destruction of property or data by order of any governmental or public authority;

**b.** Costs or expenses incurred by the **Insured** to identify or remediate software program errors or vulnerabilities or update, replace, restore, assemble, reproduce, recollect, or enhance data or **Computer Systems** to a level beyond that which existed prior to a **Security Breach** or **Extortion Threat**;

**c.** Failure or malfunction of satellites or of power, utility, mechanical or telecommunications (including internet) infrastructure or services that are not under the **Insured Organization's** direct operational control; or


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**d.** Fire, flood, earthquake, volcanic eruption, explosion, lightning, wind, hail, tidal wave, landslide, act of God or other physical event;

**8. War and Civil War**

War, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority; provided, that this exclusion will not apply to **Cyber Terrorism**. For purposes of this exclusion, **Cyber Terrorism** means the premeditated use of disruptive activities, or threat to use disruptive activities, against a **Computer System** or network with the intention to cause harm, further social, ideological, religious, political, or similar objectives, or to intimidate any person(s) in furtherance of such objectives;

**9. Radioactive Contamination**

Ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel;

**10. Sanction Limitation**

Payment of a **Claim** or provision of a benefit that would expose us to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, law or regulations of the European Union, United Kingdom, or United States of America.

## SECTION IV – LIMIT OF LIABILITY AND COVERAGE

1. The Endorsement Aggregate Limit of Liability listed in the Supplemental Declarations (the "**Endorsement Aggregate Limit of Liability**") is our combined total limit of liability for all **Loss** payable under this Endorsement, other than **Breach Response Services**.
2. The limit of liability payable under each insuring agreement will be an amount equal to the **Endorsement Aggregate Limit of Liability** unless another amount is listed in the Supplemental Declarations. Such amount is the aggregate amount payable under this Endorsement pursuant to such insuring agreement and is part of, and not in addition to, the **Endorsement Aggregate Limit of Liability**.
3. The **Breach Response Aggregate Limit of Coverage** listed in the Supplemental Declarations (the "**Breach Response Aggregate Limit of Coverage**") is our combined total limit of coverage for all legal, forensic, public relations and crisis management, notification, call center and credit or identity monitoring services payable under this Endorsement. Coverage under the **Breach Response Aggregate Limit of Coverage** is in addition to the **Endorsement Aggregate Limit of Liability**.
4. We will not be obligated to pay any **Damages**, **Penalties**, **PCI Fines, Expenses and Costs** or **Claims Expenses,** or to defend any **Claim**, after the **Endorsement Aggregate Limit of Liability** has been exhausted, or after deposit of the **Endorsement Aggregate Limit of Liability** in a court of competent jurisdiction.

## SECTION V – RETENTIONS

1. The Retention listed in the Supplemental Declarations applies separately to each incident, event or related incidents or events giving rise to a **Claim** or **Loss**. The Retention will be satisfied by monetary payments by the **Named Insured** of covered **Loss** under each insuring agreement. If any **Loss** arising out of an incident or **Claim** is subject to more than one Retention, the Retention for each applicable insuring agreement will apply to such **Loss**, provided that the sum of such Retention amounts will not exceed the largest applicable Retention amount.
2. Coverage for **Business Interruption Loss** will apply after the **Waiting Period** has elapsed and we will then indemnify the **Named Insured** for all **Business Interruption Loss** sustained during the **Period of Restoration** in excess of the Retention.
3. Satisfaction of the applicable Retention is a condition precedent to the payment of any **Loss** under this Endorsement, and we will be liable only for the amounts in excess of such Retention.

## SECTION VI – OPTIONAL EXTENSION PERIOD

1. Upon non-renewal or cancellation of this Endorsement for any reason except the non-payment of premium, the **Named Insured** will have the right to purchase, for additional premium, an Optional Extension Period of twelve (12) months. Coverage provided by such Optional Extension Period will only apply to **Claims** first made against any


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**Insured** during the Optional Extension Period and reported to us during the Optional Extension Period, and arising out of any act, error or omission committed before the end of the **Endorsement Period**. In order for the **Named Insured** to invoke the Optional Extension Period option, the payment of the additional premium for the Optional Extension Period must be paid to us within 60 days of the termination of this Endorsement.

2. The purchase of the Optional Extension Period will in no way increase the **Endorsement Aggregate Limit of Liability** or any sublimit of liability. At the commencement of the Optional Extension Period the entire premium will be deemed earned, and in the event the **Named Insured** terminates the Optional Extension Period for any reason prior to its natural expiration, we will not be liable to return any premium paid for the Optional Extension Period. Once the Optional Extension Period has gone into effect, it cannot be cancelled by us.

## SECTION VII – GENERAL CONDITIONS

1. **Notice of Claim or Loss**
   - **a.** The **Insured** must notify us of any **Claim** as soon as practicable, but in no event later than:
     - **i.** 60 days after the end of the **Endorsement Period**; or
     - **ii.** The end of the Optional Extension Period (if applicable).
   - **b.** With respect to **Breach Response Services**, the **Insured** must notify us of any actual or reasonably suspected **Data Breach** or **Security Breach** as soon as practicable after discovery by the **Insured**, but in no event later than 60 days after the end of the **Endorsement Period**. Notice of an actual or reasonably suspected **Data Breach** or **Security Breach** in conformance with this paragraph will also constitute notice of a circumstance that could reasonably be the basis for a **Claim**.
   - **c.** With respect to **Cyber Extortion Loss**, the **Named Insured** must notify us as soon as practicable after discovery of an **Extortion Threat** but no later than 60 days after the end of the **Endorsement Period**. The **Named Insured** must obtain our consent prior to incurring **Cyber Extortion Loss**.
   - **d.** With respect to **Data Recovery Costs**, **Business Interruption Loss** and **Reputational Loss**, the **Named Insured** must notify us as soon as practicable after discovery of the circumstance, incident or event giving rise to such loss. The **Named Insured** will provide us a proof of **Data Recovery Costs**, **Business Interruption Loss,** and **Reputational Loss**. All loss described in this paragraph must be reported, and all proofs of loss must be provided, to us no later than 6 months after the end of the **Endorsement Period**.
   - **e.** The **Named Insured** must notify us of any loss covered under the eCrime insuring agreement as soon as practicable, but in no event later than 60 days after the end of the **Endorsement Period**.
   - **f.** Any **Claim** arising out of a **Loss** that is covered under the Breach Response, First Party Loss or eCrime insuring agreements and that is reported to us in conformance with the foregoing will be considered to have been made during the **Endorsement Period**.
2. **Notice of Circumstance**
   - **a.** With respect to any circumstance that could reasonably be the basis for a **Claim** (other than a **Data Breach** or **Security Breach** noticed under the Breach Response insuring agreement) the **Insured** may give written notice of such circumstance to us as soon as practicable during the **Endorsement Period**. Such notice must include:
     - **i.** the specific details of the act, error, omission, or event that could reasonably be the basis for a **Claim**;
     - **ii.** the injury or damage which may result or has resulted from the circumstance; and
     - **iii.** the facts by which the **Insured** first became aware of the act, error, omission, or event.
   - **b.** Any subsequent **Claim** made against the **Insured** arising out of any circumstance reported to us in conformance with the foregoing will be considered to have been made at the time written notice complying with the above requirements was first given to Us during the **Endorsement Period**.
3. **Defense of Claims**
   - **a.** Except with respect to coverage under the Payment Card Liabilities & Costs insuring agreement, we have the right and duty to defend any covered **Claim** or **Regulatory Proceeding**. Defense counsel will be mutually agreed by the **Named Insured** and **us** but, in the absence of such agreement, our decision will be final.
   - **b.** With respect to the Payment Card Liabilities & Costs insuring agreement, coverage will be provided on an indemnity basis and legal counsel will be mutually agreed by the **Named Insured** and us and will be selected from one of the firms on our panel.
4. **Settlement of Claims**


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a. If the **Insured** refuses to consent to any settlement recommended by us and acceptable to the claimant, our liability for such **Claim** will not exceed:
   i. The amount for which the **Claim** could have been settled, less the remaining Retention, plus the **Claims Expenses** incurred up to the time of such refusal; plus
   ii. Sixty percent (60%) of any **Claims Expenses** incurred after the date such settlement or compromise was recommended to the **Insured** plus sixty percent (60%) of any **Damages**, **Penalties** and **PCI Fines**, **Expenses and Costs** above the amount for which the **Claim** could have been settled;

   and we will have the right to withdraw from the further defense of such **Claim**.

b. The **Insured** may settle any **Claim** where the **Damages**, **Penalties**, **PCI Fines**, **Expenses and Costs** and **Claims Expenses** do not exceed the Retention, provided that the entire **Claim** is resolved and the **Insured** obtains a full release on behalf of all **Insureds** from all claimants.

5. **Assistance and Cooperation**

a. We will have the right to make any investigation we deem necessary, and the **Insured** will cooperate with us in all investigations, including investigations regarding coverage under this Endorsement and the information and materials provided to us in connection with the underwriting and issuance of this Endorsement. The **Insured** will execute or cause to be executed all papers and render all assistance as is requested by us. The **Insured** agrees not to take any action which in any way increases our exposure under this Endorsement. Expenses incurred by the **Insured** in assisting and cooperating with us do not constitute **Claims Expenses** under the Endorsement.

b. The **Insured** will not admit liability, make any payment, assume any obligations, incur any expense, enter into any settlement, stipulate to any judgment or award or dispose of any **Claim** without our written consent, except as specifically provided in the Settlement of Claims clause above. Compliance with a **Breach Notice Law** will not be considered an admission of liability.

6. **Subrogation**

a. If any payment is made under this Endorsement and there is available to us any of the **Insured's** rights of recovery against any other party, then we will maintain all such rights of recovery. The **Insured** will do whatever is reasonably necessary to secure such rights and will not do anything after an incident or event giving rise to a **Claim** or **Loss** to prejudice such rights. If the **Insured** has waived its right to subrogate against a third party through written agreement made before an incident or event giving rise to a **Claim** or **Loss** has occurred, then we waive our rights to subrogation against such third party. Any recoveries will be applied first to subrogation expenses, second to **Loss** paid by us, and lastly to the Retention. Any additional amounts recovered will be paid to the **Named Insured**.

7. **Other Insurance**

a. The insurance under this Endorsement will apply as primary over any other valid and collectible insurance available to any **Insured**.

8. **Action Against Us**

a. No action will lie against us or our representatives unless and until, as a condition precedent thereto, the **Insured** has fully complied with all provisions, terms and conditions of this Endorsement and the amount of the **Insured's** obligation to pay has been finally determined either by judgment or award against the **Insured** after trial, regulatory proceeding, arbitration or by written agreement of the **Insured**, the claimant, and us.

b. No person or organization will have the right under this Endorsement to join us as a party to an action or other proceeding against the **Insured** to determine the **Insured's** liability, nor will we be impleaded by the **Insured** or the **Insured's** legal representative.

c. The **Insured's** bankruptcy or insolvency of the **Insured's** estate will not relieve us of our obligations hereunder.

9. **Entire Agreement**

a. By acceptance of the Endorsement, all **Insureds** agree that this Endorsement embodies all agreements between us and the **Insured** relating to this Endorsement. Notice to any agent, or knowledge possessed by any agent or by any other person, will not affect a waiver or a change in any part of this Endorsement or stop us from asserting any right under the terms of this Endorsement; nor will the terms of this Endorsement be waived or changed, except by endorsement issued to form a part of this Endorsement signed by us.

10. **Assignment**


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a. The interest hereunder of any **Insured** is not assignable. If the **Insured** dies or is adjudged incompetent, such insurance will cover the **Insured's** legal representative as if such representative were the **Insured**, in accordance with the terms and conditions of this Endorsement.

**11. Singular Form of a Word**

a. Whenever the singular form of a word is used herein, the same will include the plural when required by context.

**12. Headings**

a. The titles of paragraphs, clauses, provisions, or endorsements of or to this Endorsement are intended solely for convenience and reference, and are not deemed in any way to limit or expand the provisions to which they relate and are not part of the Endorsement.

**13. Representation by the Insured**

a. All **Insureds** agree that the statements contained in the information and materials provided to us in connection with the underwriting and issuance of this Endorsement are true, accurate and are not misleading, and that we issued this Endorsement, and assume the risks hereunder, in reliance upon the truth thereof.

**14. Named Insured as Agent**

a. The **Named Insured** will be considered the agent of all **Insureds** and will act on behalf of all **Insureds** with respect to the giving of or receipt of all notices pertaining to this Endorsement, and the acceptance of any endorsements to this Endorsement. The **Named Insured** is responsible for the payment of all premiums and Retentions and for receiving any return premiums.

**15. Territory**

a. This Insurance applies to **Claims** made, acts committed, or **Loss** occurring anywhere in the world.

**16. Antistacking**

a. In the event any incident, event or related incidents or events, giving rise to a **Claim**, **Loss,** or an obligation to provide **Breach Response Services** triggers coverage under this Endorsement and any other endorsement issued by us, our liability under this Endorsement and such other endorsements combined shall not exceed the amount of the largest **Endorsement Aggregate Limit of Liability** or applicable sublimits of liability.


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# EMPLOYMENT PRACTICES LIABILITY INSURANCE COVERAGE PART
# CLAIMS FIRST MADE AND REPORTED - STANDARD

**NOTICE**: **This Coverage is Provided on a Claims Made and Reported Basis**. Except to such extent as may otherwise be provided herein, the coverage afforded under this coverage part is limited to liability for only those covered **"Claims"** that are first made against an **Insured** and reported to us in accordance with the **Duties in the Event of a Claim** and **Report of a Potential Claim** provisions set forth below. **LIMITS OF INSURANCE** shall be reduced and may be completely exhausted by payment of **"Defense Costs"**. The Underwriters shall not be liable for any **"Defense Costs"** or for any judgment or settlement once the **LIMITS OF INSURANCE** are exhausted by **"Defense Costs"** or otherwise. Please review the coverage afforded under this coverage part carefully and discuss the coverage hereunder with your insurance agent or broker.

The consideration for our issuing this coverage part is the payment of **Premium**; in issuing the coverage part, we have relied upon all statements made to us in the **"Material Underwriting Information"** and any attachments and all other information provided to us. The **"Material Underwriting Information"** and attachments are incorporated herein and form a part of this coverage part.

Throughout this coverage part the words **"you"** and **"your"** refer to the **Named Insured** shown in the Schedule.

Under this coverage part the words **"we"**, **"us"** and **"our"** refer to the Underwriters providing this insurance.

The word **"Insured"** means any person or organization qualifying as such under **WHO IS INSURED.**

Other words and phrases that appear in quotation marks have special meaning. Refer to **SECTION V. – DEFINITIONS.**

**READ THIS COVERAGE PART CAREFULLY TO DETERMINE THE EXTENT OF COVERAGE. IMPORTANT: THIS IS A CLAIMS FIRST MADE AND REPORTED COVERAGE WHICH INCLUDES COSTS OF DEFENSE WITHIN THE LIMITS OF INSURANCE.**

## A. SECTION I. – COVERAGES:

### 1. Insuring Agreement

**a.** We will pay **"Loss"** amounts that an **Insured** is legally obligated to pay on account of a **"Claim"** because of an **"Insured Event"** to which this coverage part applies. However, the amount we will pay is limited as described in the **LIMITS OF INSURANCE** and **Self Insured Retention** sections of this coverage part.

**b.** This coverage part applies only if:

**(1)** A **"Claim"** is first made against an **Insured** in accordance with **When Coverage is Provided**;

**(2)** The **"Claim"** is reported in accordance with **When Coverage is Provided** and **CONDITIONS: 1. Duties in the Event of a Claim**;

**(3)** A **"Claim"** is first made against an **Insured** in accordance with **Where Coverage is Provided**; and

**(4)** A **"Claim"** is first made against an **Insured** based upon an **"Insured Event"** that first occurred after the **Retroactive Date** set forth in the Schedule.

**c. Defense.** We have the right and duty to defend any **"Claim"** for an **"Insured Event"** made or brought against any **Insured** to which this coverage part applies. We have the right to choose counsel to defend a **"Claim"** that we are covering. We have no duty to provide other services or take other actions. Our duty to defend any **"Claim"** ends when the **LIMITS OF INSURANCE** that applies has been exhausted, and in such event, the **Named Insured** shall, upon notice from us, promptly take over control of the defense.

We have the right to investigate and to settle any **"Claim"** for an **"Insured Event"** in the manner and to the extent that we believe is proper. This includes the right to agree to post a notice of compliance, provided such notice does not contain an admission of liability.

You may take over control of any outstanding **"Claim"** previously reported to us only if we both agree that you should, if required under law or if a court orders you to do so.

If your **LIMITS OF INSURANCE** is exhausted, we will notify you of all outstanding **"Claims"** so that you can take over control of their defense. We will help to transfer control to you.

**d. During the Transfer of Control.** We agree to take whatever steps are necessary to continue the defense of any outstanding **"Claim"** and avoid a default judgment during the transfer of control to you. If we do so, you agree to pay reasonable expenses that we incur for taking such steps after the **LIMITS OF INSURANCE** is exhausted.

**e. Duty to Pay.** We have the duty to pay any **"Loss"** (after you pay the applicable **Self Insured Retention**) that results from any **"Claim"** for an **"Insured Event"** made or brought against any **Insured** to which this coverage part applies. Our duty to pay ends when the applicable **LIMITS OF INSURANCE** has been exhausted. We will not pay more than the applicable **LIMITS OF INSURANCE**.

We have the duty to pay **"Defense Costs"** incurred (after you pay the applicable **Self Insured Retention**) for the defense of any **"Claim"** that is controlled by us. Any payment of **"Defense Costs"** is included in the **LIMITS OF INSURANCE**, it is not in addition to the **LIMITS OF INSURANCE.**

**2. Exclusions**

This insurance does not apply to:

**a. Workers' Compensation / ERISA / FLSA / NRLA / WARN / COBRA / OSHA.** This coverage part does not cover any **"Loss"** arising out of any **"Claim"** alleging violation of any: i) workers' compensation, disability benefits or unemployment compensation law, social security and other employment benefits law; ii) the Employee Retirement Income Security Act of 1974 Public Law 93-406; iii) the Fair Labor Standards Act (except the Equal Pay Act); (iv) the National Labor Relations Act; (v) the Worker Adjustment and Retraining Notification Act; (vi) the Consolidated Omnibus Budget Reconciliation Act of 1985; (vii) the Occupational Safety and Health Act; (viii) any other federal, state or local statute or law similar to any statute or law described in (i) through (vii) of this exclusion; provided, however, this exclusion shall not apply to any **"Claim"** for any actual or alleged retaliatory treatment of the claimant on account of the claimant's exercise of rights pursuant to such statute, law, rule or regulation.

**b. Contractual Liability.** This coverage part does not cover any **"Loss"** based upon, arising out of, directly or indirectly in connection with, related to, or in any way involving any **"Claim"** any **Insured** is obligated to pay by reason of the assumption of another's liability for an **"Insured Event"** in a contract or agreement. This exclusion will not apply to liability for damages because of an **"Insured Event"** that any **Insured** would have without the contract or agreement.

**c. Consequential Loss.** This coverage part does not cover any **"Loss"** resulting from or attributable to any allegations made by or solely for the benefit of a claimant's domestic partner, spouse, child, parent, brother or sister.

**d. Wage and Hour Law.** This coverage part does not cover any **"Loss"** arising out of a **"Claim"** based upon, arising out of, directly or indirectly in connection with, related to or in any way alleging violation of any state or local wage and hour law. However, in the event such **"Claim"** also alleges an **"Insured Event"** otherwise covered by this coverage part, notwithstanding the provisions of section **1.c. Defense**, and subject to all other terms, conditions and exclusion contained in this coverage part, we agree to pay loss solely for that portion of the **"Claim"** involving such **"Insured Event"**.

**e. Stock Options.** This coverage part does not cover any **"Loss"** resulting from or attributable to stock options, including, without limitation, 1) the failure to grant stock options and/or 2) amounts attributable to unvested stock options which options did not vest because of the actual or alleged wrongful termination of an **"Employee"**.

**f. Fraud and Collusion.** This coverage part does not cover any **"Loss"** based upon, arising out of, directly or indirectly in connection with, related to, or in any way involving any **"Claim"** alleging fraud, collusion, dishonest, criminal or malicious acts by or at the direction of an **Insured**. Without limiting the foregoing, we will pay **"Defense Costs"** incurred relating to allegations of fraud, collusion, dishonest, criminal or malicious acts to defend an innocent **Insured** named in such **"Claim"** so long as such "Claim" also contains allegations against that innocent **Insured** involving an **"Insured Event"** otherwise covered by this coverage part.

**g. Prior Knowledge.** This coverage part does not cover any **"Loss"** arising out of **"Insured Events"** of which any **Insured** who is a principal, partner, officer, director, trustee, in-house counsel, **"Employee(s)"** within the HR or Risk Management department or **"Employee(s)"** with personnel and risk management responsibilities

was aware by actual knowledge of the facts or circumstances of such **"Insured Event"** prior to the **Prior Knowledge Date**, as shown in the Schedule.

**h. Prior Notice.** This coverage part does not cover any **"Loss"** arising out of **"Insured Events"** that have been the subject of any notice given under any other policy prior to the inception date of this coverage part.

**i. Punitive Damages.** This coverage part endorsement does not cover any **"Loss"** arising out of any fines, penalties, punitive damages, exemplary damages or any additional damages resulting from the multiplication of compensatory damages (referred to herein collectively as '**Punitive Damages**'), except that if a suit is brought against the **Named Insured** on a **"Claim"** falling within the coverage hereof, seeking both compensatory and **Punitive Damages**, then we will afford a defense to such action, without liability, however, for such **Punitive Damages**; provided further, that our obligation to provide such defense for **Punitive Damages** shall terminate when the **"Claim"** for compensatory damages in such action is terminated or paid through judgment or settlement and, in no event, shall we afford a defense for **Punitive Damages** after the **LIMITS OF INSURANCE** for compensatory damages has been paid.

**j. Retroactive Date.** This coverage part does not cover any **"Loss"** arising out of any **"Insured Events"** that first occurred on or before the **Retroactive Date** as set forth in the Schedule. For the purposes of this exclusion, related **"Insured Events"** are excluded if the first related **"Insured Event"** took place or is alleged to have taken place prior to the **Retroactive Date**.

**3. When Coverage is Provided**

**a.** This coverage part applies only to **"Claims"** arising out of an **"Insured Event"** first made or brought during the **Coverage Part Period** and which are reported to us in accordance with the coverage part's notice provisions as set forth in **CONDITIONS: 1. Duties in the Event of a Claim**. **"Claims"** are considered to be first made when it is first served or received by the **Insured**.

**b.** All **"Claims"** because of **"One Insured Event"** will be considered to have been made or brought on the date that the first of those **"Claims"** was first made or brought.

**c.** Limited Reporting Period. The thirty (30) day period after the coverage part ends, during which **"Claims"** because of **"Insured Events"** which happen or commence during the **Coverage Part Period** and are reported in accordance with **SECTIONS I.** and **IV.** of the coverage part can be made.

**d. Extended Reporting Period.** If you cancel this coverage part or this coverage part is non-renewed, you shall have the right to buy an Extended Reporting Period Endorsement providing an extended reporting period of up to twelve (12) months from the end of the **Coverage Part Period**, or the effective date of cancellation, whichever is earlier, in exchange for your payment of an additional **Premium**. You do not have this right, however, if we cancel for non payment of **Premium**.

The Extended Reporting Period Endorsement will not be issued unless we receive a written request for it within thirty (30) days after this coverage part is cancelled or non-renewed, nor will it take effect unless the additional **Premium** is paid within thirty (30) days after this coverage part is cancelled or non-renewed. Once that **Premium** is paid the endorsement may not be cancelled and the additional **Premium** will be fully earned.

The additional **Premium** for a twelve (12) month Extended Reporting Period will be one hundred percent (100%) of the annualized **Premium** charged for the last **Coverage Part Period**.

However, the Extended Reporting Period will not apply to any **"Claim"** if other insurance you buy covers you or would cover you if its limits of coverage had not been exhausted.

Coverage under the Extended Reporting Period is with respect to **"Claims"** first made against an insured during the **Coverage Part Period** or Extended Reporting Period and first reported by an **Insured** during the Extended Reporting Period, provided always that **"Claims"** reported during the Extended Reported Period are limited to **"Insured Events"** which happen or commence before the original **Coverage Part Period** ends by either cancellation or non-renewal and which are otherwise covered by this coverage part.

The **LIMITS OF INSURANCE** that applies at the end of the **Coverage Part Period** is not renewed or increased and the Limits, as shown in the Schedule, shall not be increased in any way by the Limited Reporting Period or the addition of the Extended Reporting Period.

**e.** If, during the **Coverage Part Period**, any of the following changes occur:

**(1)** the acquisition of an **Insured**, or of all or substantially all of its assets, by another entity, or the merger or consolidation of an

**Insured** into or with another entity such that the **Insured** is not the surviving entity; or

**(2)** the obtaining by any person, entity or affiliated group of persons or entities of the right to elect, appoint or designate over fifty percent (50%) of the directors of an **Insured**

coverage under this coverage part with respect to such insured will continue in full force and effect with respect to **"Claims"** for **"Insured Events"** committed before such change, but coverage with respect to such **Insured** will cease with respect to **"Claims"** for **"Insured Events"** committed after such change.

**4. Where Coverage is Provided**

This coverage part covers **"Claims"** made and **"Insured Events"** occurring anywhere in the United States of America (including its territories or possessions), Puerto Rico and Canada.

**B. SECTION II. – WHO IS AN INSURED:**

**1. Individual.** If you are shown in the Schedule as an individual, you and your spouse are **Insureds** but only for the conduct of a business of which you are the sole owner.

**2. Corporation.** If you are shown in the Schedule as a corporation or organization other than a partnership or joint venture, you are an **Insured**. Your stockholders are also **Insureds**, but only with respect to their liability as your stockholders.

**3. Partnership or Joint Venture.** If you are shown in the Schedule as a partnership or joint venture, you are an **Insured**. Your partners or co-venturers and their spouses are also **Insureds**, but only for the conduct of your business.

However, no person nor organization is covered for the conduct of any current or past partnership or joint venture not named in the Schedule.

**4. Other.** If you are a Limited Liability Corporation (LLC), or a Limited Liability Partnership (LLP) of the **Named Insured** and you are shown in the Schedule as '**Other**' you are an **Insured**. Your members, partners and shareholders are also **Insureds** but only with respect to the conduct of your business.

**5. "Employees".** Your **"Employees"**, executive officers, directors and your trustees are **Insureds** only for the conduct of your business within the scope of their employment. Your **"Employee's"** status as an **Insured** will be determined as of the date of the **"Discrimination"**, **"Harassment"**, **"Inappropriate Employment Conduct"**, which caused an **"Insured Event"**.

**6. Mergers and Acquisitions.** Any organization that you newly acquire, form or merge with while this coverage part is in effect that has less than 10% of the total number of your **"Employees"** as of the inception date of this coverage part shall be an **Insured** at the time of such acquisition, merger or formation if you own at least fifty-one percent (51%) of it. Within thirty (30) days prior to the expiration of the coverage part, the insured shall give us written notice as to all such organizations. If you acquire, form or merge with any organization that has more than 10% of the total number of your **"Employees"** as of the inception date of this coverage part, such organization is also an insured if you own at least fifty-one (51%) of it; provided, however, no such organization is covered for more than forty-five (45) days or the remainder of the **Coverage Part Period**, whichever is less, from the date acquired, merged or formed unless we agree to cover such acquisition or newly formed organization within such forty-five (45) day period in consideration of an additional **Premium** to be determined by us. Notwithstanding the foregoing, any acquired or formed organization is neither covered for **"Loss"** that results from an **"Insured Event"** that happened or first commenced before the **Insured** acquired or formed it; nor for **"Loss"** covered under any other insurance.

This provision does not apply to a partnership or joint venture. Nor does it apply to any organization once it is shown in the Schedule of this coverage part.

**7. Subsidiary**. Any organization more than 50% owned by the **Named Insured** and listed in the **"Material Underwriting Information"** shall be an **Insured**.

**C. SECTION III. – LIMITS OF INSURANCE:**

**1.** The amount shown at Item **4.a)** in the Schedule as the 'Each Insured Event Limit' is the most we will pay for **"Claims"** first made or brought during the **Coverage Part Period** for **"Loss"** that results from any **"One Insured Event"** regardless of the number of **"Claims"**.

**2.** The amount shown at Item **4.b)** in the Schedule as the 'Aggregate **LIMITS OF INSURANCE**' is the most we will pay for the combined total of all **"Claims"** first made or brought during the **Coverage Part Period** for **"Loss"** that result from all **"Insured Events"**.

If this **Coverage Part Period** is extended, the Limits, as shown in the Schedule shall not in any way increase. For purposes of the **LIMITS OF INSURANCE,** any coverage part extension is considered to be part of and not in addition to the former **Coverage Part Period**.

**3. Self Insured Retention**

Our obligation to pay under this coverage part applies only to covered amounts in excess of any **Self Insured Retention** amount that the **Insured** must pay, as shown in the Schedule, and the **LIMITS OF INSURANCE** will not be reduced by the amount of

such **Self Insured Retention**.

The **Self Insured Retention** amount will apply separately to each **"Claim"** made, however, it will only apply once to all **"Claims"** arising out of any **"One Insured Event"** regardless of the number of claimants who allege damages.

If, prior to terminating or demoting an **"Employee"** the **Insured** consults with and follows the advice of the EPL hotline and/or a labor law attorney approved by our Authorized Representatives, as shown in Item 9 of the Schedule, then the **Insured's Self Insured Retention** is reduced by 50% in the event the **Insured** faces a **"Claim"** involving such termination or demotion.

**D. SECTION IV. – CONDITIONS:**

We have no duty to provide coverage under this coverage part unless there has been full compliance with all the conditions contained in this coverage part.

**1. Duties in the Event of a Claim**

**a.** You must see to it that we or our Authorized Representatives, as shown in the Schedule, are notified as soon as practicable but in no event more than thirty days (30) after any **Insured** who is a principal, partner, officer, director, trustee, in house counsel, **"Employee(s)"** within the HR Risk Management department or **"Employee(s)"** with personnel and risk management responsibilities, becomes aware that a **"Claim"** has been made. Your notification should include:

**(1)** the identity of the person(s) alleging **"Discrimination"**, **"Harassment"**, **"Inappropriate Employment Conduct"**;

**(2)** the identity of any insured(s) who allegedly committed the **"Discrimination"**, **"Harassment"**, **"Inappropriate Employment Conduct"**;

**(3)** the identity of any witnesses to the alleged **"Discrimination"**, **"Harassment"**, **"Inappropriate Employment Conduct"**; and

**(4)** the date(s) an **"Insured Event"** took place.

**b.** You and any other insured must:

**(1)** Immediately send us or our Authorized Representatives, as shown in the Schedule, copies of any demands, notices, summonses or legal papers received in connection with the **"Claim"**;

**(2)** authorize us or our Authorized Representatives, as shown in the Schedule, to obtain statements, records and other information;

**(3)** co-operate with us or our Authorized Representatives, as shown in the Schedule, in the investigation or defense of the **"Claim"**; and

**(4)** assist us or our Authorized Representatives, as shown in the Schedule, in the enforcement of any right against any person or organization which may be liable to an **Insured** because of **"Loss"** to which this coverage part may also apply.

**c.** No **Insured** will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent. Subsequent payments that are deemed by us as having been prejudiced by any such voluntary payment will also be the sole responsibility of the **Insured**.

**2. Report of a Potential Claim**

Solely at an **Insured's** option, an **Insured** may within the **Coverage Part Period** report an oral complaint by an **"Employee"**, former **"Employee"** or applicant for employment alleging **"Discrimination"**, **"Harassment"**, **"Inappropriate Employment Conduct"**. If such report is received by us or our Authorized Representatives, as shown in the Schedule, within the **Coverage Part Period** then any **"Claim"** subsequently arising from such oral complaint will be deemed to be made on the date such report was received. Such report must include the identity of the person(s) making the oral complaint. In no event, however, is an **Insured** entitled to coverage under this coverage part based on a **"Laundry List Notification"**.

**3. Legal Action Against Us**

**a.** No person or organization has the right under this coverage part:

**(1)** to join us as a party or otherwise bring us into a suit asking for damages from an **Insured**; or

**(2)** to sue us on this coverage part unless all of its terms have been fully complied with.

**b.** A person or organization may sue us to recover on an agreed settlement or on final judgment against an **Insured** obtained after an actual trial, but we will not be liable for damages that are not payable under the terms of this coverage part or that are in excess of the applicable **LIMITS OF INSURANCE**. An agreed settlement means a settlement and release of liability signed by us, an **Insured** and the claimant's legal representative.

**4. Other Insurance**

This coverage part shall be deemed primary insurance in connection with covered **"Claims"** by **"Employees"** against an insured because of an **"Insured Event"**. In connection with any other covered **"Claim"**, this coverage part shall apply in

excess of all indemnity rights of an **Insured** and in excess of any other valid or collectible insurance available to any **Insured**. Nothing herein is intended to make this coverage part subject to the terms, conditions and limitations of any other insurance, and nothing herein is intended to limit our or any **Insured's** right to contribution or indemnity from any other party, insurer or indemnitor.

**5. Premium**

**a.** The **Premium** shown in the Schedule is for the **Coverage Part Period** shown in the Schedule.

**b. Premium Audit**

**(1)** We will compute all **Premium**s for this coverage part in accordance with our rules and rates.

**(2)** **Premium** shown in this coverage part as advance **Premium** is a deposit **Premium** only. At the close of each audit period we may compute the earned **Premium** for that period and send notice to the **Named Insured**. The due date for audit and retrospective **Premiums** is the date shown as the due date on the bill. If the sum of the advance and audit **Premiums** paid for the coverage part period is greater than the earned **Premium**, we will return the excess to the first **Named Insured**.

**(3)** The first Named Insured must keep records of the information we need for **Premium** computation, and send us copies at such times as we may request.

**6. Representations**

By accepting this coverage part you agree:

**a.** all statements in the **"Material Underwriting Information"** and any attachments as well as all other information provided to us are true and complete and shall be deemed material to the acceptance of the risk or the hazard assumed by us under this coverage part;

**b.** those statements are based upon representations you made to us;

**c.** we have issued this coverage part in reliance upon your representations;

**d.** in the event that any statement or representation in the **"Material Underwriting Information"** is untrue, this coverage part in its entirety shall be void at inception and of no effect whatsoever; and

**e.** to disclose any material facts you become aware of between the time that the **"Material Underwriting Information"** for this coverage part is signed and the coverage part inception date.

The truth of any statement or representation in the **"Material Underwriting Information"** shall be determined without regard to whether any insured knew the **"Material Underwriting Information"** contained such untrue statement or representation.

**7. When We Do Not Renew**

If we decide not to renew this coverage part, we will mail or deliver to the **Named Insured** shown in the Schedule, written notice of the non-renewal not less than thirty (30) days before the expiration date.

If notice is mailed, proof of mailing will be sufficient notice of non-renewal.

**8. Cancellation**

You may only cancel this coverage part by mailing to us written notice stating when, not less than thirty (30) days thereafter such cancellation shall be effective. We may cancel this coverage part for any reason, including non-payment of **Premium**, by mailing to the **Named Insured** at the address shown in the Schedule, written notice stating when, not less than ten (10) days thereafter, such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The effective date and hour of cancellation as stated in the notice shall become the end of the **Coverage Part Period**. Delivery of such written notice shall be equivalent to mailing.

**Premium** shall be deemed fully earned if any **"Claim"** under this coverage part is reported to us on or before the date of cancellation.

If this coverage part is cancelled, earned **Premium** shall be computed pro rata. **Premium** adjustments may be made at the time cancellation becomes effective, but payment or tender of unearned **Premium** is not a condition of cancellation.

**9. Transfer Of Rights Of Recovery Against Others to Us**

If any **Insured** has rights to recover all or part of any payments we have made under this coverage part, those rights are transferred to us; the **Insured** must do nothing after a **"Loss"** to impair them. At our request, any **Insured** will bring suit or transfer those rights to us and help us to enforce them.

**10. Bankruptcy**

Bankruptcy or insolvency of any **Insured** or of an **Insured's** estate will not relieve us of our obligations under this coverage part, except as excluded in **COVERAGES: 2. Exclusions**.

**11. False or Fraudulent Claims**

If any **Insured** shall proffer any **"Claim"** knowing the same to be false or fraudulent as regards amount or otherwise, this coverage part will become void in its entirety and all coverage hereunder shall be forfeited.

**E. SECTION V. – DEFINITIONS:**

**1. "Claim(s)"** means a written complaint or written charge made against an **Insured** or a written demand

made against an **Insured** in which damages are alleged or where specific charges of **"Discrimination"**, **"Harassment"**, **"Inappropriate Employment Conduct"** are brought.

**"Claim"** includes a civil action, suit or administrative proceeding, to which any **Insured** must submit or to which any **Insured** submits with our consent.

But **"Claim"** shall not mean any labor or grievance arbitration subject to a collective bargaining agreement; or any complaint, writ or other proceeding in which an **Insured** is alleged to have committed or engaged in a criminal offense or violation of a federal, state of local penal law.

2. **"Defense Costs"** means those reasonable and necessary expenses that result from the investigation, settlement or defense of a specific **"Claim"** including attorney fees and expenses, the cost of legal proceedings, the cost of appeal bonds, the cost of bonds to release property being used to secure a legal obligation (but only for bond amounts within the **LIMITS OF INSURANCE** that applies). We have no obligation to furnish any bonds.

   The following are not **"Defense Costs"**: costs incurred by any **Insured** before notice is provided to us, salaries and expenses of your employees, including in-house and/or coverage attorneys, salaries and expenses of our employees, or our in-house or coverage attorneys or the fees and expenses of independent adjusters we hire.

3. **"Discrimination"** means termination of the employment relationship, a demotion, a failure or refusal to hire or promote, denial of an employment benefit or the taking of any adverse or differential employment action because of race, color, religion, age, sex, disability, pregnancy, sexual orientation, national origin, or any other basis prohibited by federal, state or local law occurring on or after the **Retroactive Date** as shown in the Schedule.

   This coverage part covers retaliation **"Claims"** based on unlawful **"Discrimination"** occurring on or after the **Retroactive Date** as shown on the Schedule Page, except as excluded in **COVERAGES: 2. Exclusions.**

4. **"Employee"** means an individual whose labor or service is engaged by and directed by the **Named Insured**, or any covered entity. This includes volunteers, part time, seasonal and temporary **"Employees"** as well as any individual employed in a supervisory, managerial or confidential position. Independent contractors and sub contractors are not **"Employees"** unless they are **Dedicated Agents** or representatives of an insured. **"Employees"** who are leased to another employer are not **"Employees"**.

5. **"Harassment"** means unwelcome sexual or non-sexual advances, requests for sexual or non-sexual favors or other verbal, visual or physical conduct of a sexual or non-sexual nature, where such harassment occurs on or after the **Retroactive Date** as shown in the Schedule and is based on a factor or category prohibited by law (including sex, race, age, national origin, disability, etc.), that (1) explicitly or implicitly are made a condition of employment, (2) are used as a basis for employment decisions, or (3) create a work environment that interferes with performance.

6. **"Inappropriate Employment Conduct"** means any of the following occurring on or after the **Retroactive Date** as shown in the Schedule:

   **a.** actual or constructive termination of an employment relationship in a manner which is alleged to have been against the law or wrongful or in breach of an implied employment contract or breach of the covenant of good faith and fair dealing in the employment contract;

   **b.** allegations of wrongful demotion, or wrongful discipline;

   **c.** allegations of misrepresentation made by an **"Employee"**, a former **"Employee"** or an applicant for employment which arise from an insured's employment decision to hire, fire, promote or demote;

   **d.** allegations of infliction of emotional distress, mental injury, mental anguish, shock, sickness, disease or disability made by an **"Employee"**, a former **"Employee"** or an applicant for employment which arise from an insured's employment decision to hire, fire, promote or demote;

   **e.** allegations of false imprisonment, detention or malicious prosecution made by an **"Employee"**, a former **"Employee"** or an applicant for employment which arise from the insured's an employment decision to hire, fire, promote or demote;

   **f.** allegations of libel, slander, defamation of character or any invasion of right of privacy made by an **"Employee"**, a former **"Employee"** or an applicant for employment which arise from an **Insured's** employment decision to hire, fire, promote or demote; or

   **g.** other personal injury allegations made by an **"Employee"**, a former **"Employee"** or an applicant for employment which arise from an **Insured's** employment decision to hire, fire, promote or demote.

   **"Inappropriate Employment Conduct"** shall not include any allegations other than those set forth above.

7. **"Insured Event"** means actual or alleged acts of **"Discrimination"**, **"Harassment"**, and/or **"Inappropriate Employment Conduct"**, by an **Insured** against an **"Employee"** or former

**"Employee"** or applicant for employment with an **Insured** entity occurring on or after the **Retroactive Date** as shown in the Schedule. **"Insured Event"** shall not include **"Claims"** for actual or alleged violation of any federal, state or local wage and hour laws or regulations.

8. **"Laundry List Notification"** means any attempt by an **Insured** to report multiple matters under this coverage part in a summary fashion that does not comply with **CONDITIONS: 1. or 2.** By way of example, a **"Laundry List Notification"** may consist of a report by an **Insured** that lists purported potential claimants, either in the absence of a **"Claim"**, or in the absence of an oral complaint.

9. **"Loss"** means damages, judgments (including prejudgment and post judgment interest awarded against an **Insured** on that part of any judgment paid by us), settlements, we authorize or agree to, statutory attorney fees and **"Defense Costs"**.

   However, **"Loss"** does not include anything specifically excluded in **COVERAGES: 2. Exclusions** or any of the following:

   **a.** salary or wages of the **Insured**;

   **b.** non-monetary relief (this provision does not apply to **"Defense Costs"** where non-monetary relief is sought for alleged **"Harassment"**, **"Discrimination"**, **"Inappropriate Employment Conduct"**);

   **c.** payment of insurance plan benefits by or on behalf of retired **"Employees"**, or that to which a claimant would have been entitled as an **"Employee"** had any **Insured** provided the claimant with a continuation of insurance;

   **d.** liquidated damages where there is a finding of willfulness;

   **e.** costs incurred by an **Insured** to modify or adapt any building or property in order to make such building or property more accessible or accommodating to any disabled person; costs associated with eliminating non-essential duties from the job description of a disabled person; costs associated with providing a disabled person with reasonable workplace accommodations; and costs associated with lost productivity by an employer as the result of making a reasonable workplace accommodation for a disabled person;

   **f.** matters which may be deemed uninsurable according to the law under which this coverage part is construed;

   **g.** amounts owed under federal, state or local wage and hour laws;

   **h**. amounts owed under a contract of employment;

   **i.** commissions, bonuses, profit sharing or benefits pursuant to a contract of employment, including but not limited to vacation, holiday, and/or sick pay;

   **j.** severance payments or obligations to make payments;

   **k.** amounts that are sought or deemed to be owed under partnership, stock or other ownership agreements;

   **l.** fines, penalties and taxes; or

   **m.** punitive or exemplary damages.

10. **"Material Underwriting Information"** means any documents, materials or information submitted to us for this employment practices liability coverage part.

11. **"One Insured Event"** means (1) one or more covered allegations of **"Discrimination"**, **"Harassment"** and/or **"Inappropriate Employment Conduct"** which are related by an unbroken chain of events or (2) class action or multiple claimant or multiple plaintiff suits arising out of related **"Insured Events"**.

12. **"Subsidiary"** means any organization more than 50% owned by the **Named Insured** listed in the **"Material Underwriting Information"**.

**EMPLOYMENT PRACTICES LIABILITY INSURANCE COVERAGE PART**
**CLAIMS FIRST MADE AND REPORTED**
**SCHEDULE - STANDARD**

**THIS IS A CLAIMS MADE AND REPORTED COVERAGE PART. SUBJECT TO ITS TERMS, THIS COVERAGE PART APPLIES ONLY TO ANY CLAIM FIRST MADE AGAINST THE INSUREDS DURING THE POLICY PERIOD OR THE EXTENDED REPORTING PERIOD, IF APPLICABLE, PROVIDED SUCH CLAIM IS REPORTED IN WRITING TO THE UNDERWRITERS IN ACCORDANCE WITH THIS COVERAGE PART. AMOUNTS INCURRED AS DEFENSE COSTS SHALL REDUCE AND MAY EXHAUST THE APPLICABLE LIMITS OF INSURANCE AND ARE SUBJECT TO THE APPLICABLE SELF INSURED RETENTION. THE UNDERWRITERS SHALL NOT BE LIABLE FOR ANY DEFENSE COSTS OR FOR ANY JUDGMENT OR SETTLEMENT AFTER THE LIMITS OF INSURANCE HAVE BEEN EXHAUSTED. PLEASE READ THIS COVERAGE PART CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.**

Insurance is provided by: HDI Global Insurance Company

Coverage Part Number: HDI55CL0450309-18

**1.** **NAMED INSURED**: THE VILLAGE GREEN AT THE VALLEY

( ) Individual ( ) Partnership ( ) Corporation ( ) Joint Venture ( X ) Other

**2.** **COVERAGE PART PERIOD**: 06/05/2025 at 12:01AM.
(Standard Time at YOUR address shown below).

**3.** **ADDRESS**: PO BOX 2607, Sun Valley, ID, 83353

**4.** **LIMITS OF INSURANCE (INCLUDES COST OF DEFENSE)**:

**a)** Each Insured Event Limit $100,000

**b)** Aggregate LIMITS OF INSURANCE $100,000

**5.** **SELF INSURED RETENTION (INCLUDES COST OF DEFENSE)**:

Any One Insured Event $5,000

**6.** **PRIOR KNOWLEDGE DATE**: 06/05/2012

**7.** **RETROACTIVE DATE**: 06/05/2012 at 12:01AM.

**8.** **PREMIUM**:
Rating Basis (Number of Employees): 4 Rate: 67.69

**9.** **AUTHORIZED REPRESENTATIVES**:

(If no entry appears above, information required to complete this schedule will be shown in the Declarations as applicable to this schedule.)

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

# IDAHO AMENDATORY ENDORSEMENT (STANDARD)

This endorsement modifies insurance provided under the following:

**EMPLOYMENT PRACTICES LIABILITY INSURANCE COVERAGE PART**
**CLAIMS FIRST MADE AND REPORTED – STANDARD**

***The Common Policy Conditions – IL 00 17, and Idaho Changes – Cancellation and Nonrenewal – IL 02 04, including any amendments thereto, contained within the Policy do not apply to this Employment Practices Liability Insurance Coverage Part.***

**1.** Subparagraphs **a.** and **d.** of **D. SECTION IV. – CONDITIONS** paragraph **6. Representations** is deleted and replaced with the following:

**a.** all statements in the **"Material Underwriting Information"** and any attachments as well as all other information provided to us are true and complete;

**d**. in the event that any statement or representation in the **"Material Underwriting Information"** is untrue, this coverage part in its entirety shall be void at inception and of no effect whatsoever if:

**(1)** the statement or representation is fraudulent;
**(2)** the statement or representation is material either to the acceptance of the risk, or to the hazard assumed by us; or
**(3)** we in good faith would either not have issued this coverage part, or would not have issued coverage in as large an amount, or would not have provided coverage with respect to the hazard resulting in the **"Loss"**, if the true facts had been made known to us as required either by the **"Material Underwriting Information"** or otherwise; and

**2.** The first sentence of **D. SECTION IV. – CONDITIONS** paragraph **7. When We Do not Renew** is amended to replace reference to 'thirty (30) days' with a reference to 'forty-five (45) days' and further amended to add the following:

Notice of non-renewal shall not be required if we, or a company within our insurance group, have offered renewal or if the **Named Insured** has obtained replacement coverage or has agreed in writing to obtain replacement coverage.

**3.** The first paragraph of **D. SECTION IV. – CONDITIONS** paragraph **8. Cancellation** is deleted and replaced with the following:

You may only cancel this coverage part by mailing to us written notice stating when, after our receipt of such notice, such cancellation shall be effective. If this coverage part has been in effect sixty (60) days or less and is not a renewal, we may cancel this coverage part for any reason by mailing or delivering written notice of cancellation to the **Named Insured** at the address shown in the Schedule at least thirty (30) days before the effective date of cancellation. In the event of non-payment of **Premium** and this coverage part has been in effect sixty (60) days or less and is not a renewal, we may cancel this coverage part ten (10) days before the effective date of cancellation.

If this coverage part has been in effect more than sixty (60) days or is a renewal, we may cancel this coverage part for any of the following reasons:

**1.** nonpayment of **Premium**;
**2.** fraud or material misrepresentation made by or with the knowledge of the **Named Insured** in obtaining this coverage part, continuing this coverage part, or in presenting a claim under this coverage part;
**3**. activities or omissions on the part of the **Named Insured** which increase any hazard insured against, including a failure to comply with loss control recommendations;
**4.** change in the risk which materially increases the risk of **"Loss"** after insurance coverage has been issued or renewed including, but not limited to, an increase in exposure to regulation, legislation or court decision;
**5.** loss or decrease of our reinsurance covering all or part of the risk or exposure by this coverage part;
**6.** determination by the Director that the continuation of this coverage part would jeopardize our solvency or would place us in violation of the insurance laws of this state or any other state; or
**7.** violation or breach by an **Insured** of any coverage part terms or conditions other than nonpayment of **Premium**.

If we cancel this coverage part for the reason set forth in item **1**. above, we will mail or deliver written notice of cancellation to the **Named Insured** at the address shown in the Schedule at least ten (10) days prior to the effective date of the cancellation. If delivered via United States mail, the ten (10) day notification period shall begin to run five (5) days following the date of postmark. If we cancel this coverage part for any of the reasons set forth in items **2., 3., 4., 5., 6.,** or **7.** above, we will mail or deliver written notice of cancellation to the **Named Insured** at the address shown in the Schedule at least thirty (30) days before the effective date of cancellation. The **Named Insured** may request the reasons for cancellation if:

**1.** the request is made in writing, and
**2.** the **Named Insured** agrees in writing to hold us harmless from liability for any communication giving notice of or specifying the reasons for the cancellation or for any statement made in connection with an attempt to discover or verify the existence of conditions which would be a reason for the cancellation.

**5.** **D. SECTION IV. – CONDITIONS** paragraph **12. Increases in Premium or Changes in Coverage** is added and shall read as follows:

**12. Increases in Premium or Changes in Coverage**

**a.** If the total **Premium** for this coverage part increases greater than ten percent (10%) as a result of a comparable increase in **Premium** rates, or includes changes in deductibles, reductions in limits, or reductions in coverages, we will mail or deliver written notice to the **Named Insured** at the address shown in the Schedule at least thirty (30) days prior to the expiration date of this coverage part.

**b.** Proof of mailing shall be sufficient proof of notice.

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

# SILICA OR SILICA-RELATED DUST EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

**A.** The following exclusion is added to Paragraph **2., Exclusions** of **Section I – Coverage A – Bodily Injury And Property Damage Liability:**

**2. Exclusions**

This insurance does not apply to:

**Silica Or Silica-Related Dust**

**a.** "Bodily injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, or ingestion of, "silica" or "silica-related dust".

**b.** "Property damage" arising, in whole or in part, out of the actual, alleged, threatened or suspected contact with, exposure to, existence of, or presence of, "silica" or "silica-related dust".

**c.** Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, "silica" or "silica-related dust", by any insured or by any other person or entity.

**B.** The following exclusion is added to Paragraph **2., Exclusions** of **Section I – Coverage B – Personal And Advertising Injury Liability:**

**2. Exclusions**

This insurance does not apply to:

**Silica Or Silica-Related Dust**

**a.** "Personal and advertising injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, "silica" or "silica-related dust".

**b.** Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, "silica" or "silica-related dust", by any insured or by any other person or entity.

**C.** The following definitions are added to the **Definitions** Section:

**1.** "Silica" means silicon dioxide (occurring in crystalline, amorphous and impure forms), silica particles, silica dust or silica compounds.

**2.** "Silica-related dust" means a mixture or combination of silica and other dust or particles.


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

# LEAD EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

**A.** The following exclusion is added to Paragraph **2., Exclusions** of **Section I – Coverage A – Bodily Injury And Property Damage Liability:**

**2. Exclusions**

This insurance does not apply to:

**Lead**

**a.** "Bodily injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected absorption, inhalation of, or ingestion of any form of lead.

**b.** "Property damage" arising, in whole or in part, out of the actual, alleged, threatened or suspected contact with, exposure to, existence of, or presence of, any form of lead.

**c.** Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, any form of lead by any insured or by any other person or entity.

**B.** The following exclusion is added to Paragraph **2., Exclusions** of **Section I – Coverage B – Personal And Advertising Injury Liability:**

**2. Exclusions**

This insurance does not apply to:

**Lead**

**a.** "Personal and advertising injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any form of lead.

**b.** Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, lead, by any insured or by any other person or entity.


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

# EQUIPMENT BREAKDOWN ENHANCEMENT ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
EXTRA EXPENSE COVERAGE FORM
CAUSES OF LOSS – BASIC FORM
CAUSES OF LOSS – BROAD FORM
CAUSES OF LOSS – SPECIAL FORM

Read the entire endorsement carefully to determine rights, duties and what is and is not covered.

**A. Coverage**

**Additional Coverages**

The following Additional Coverages are added as a part of and not in addition to the limit per loss:

**1. Pollutant Clean Up and Removal**

We will pay for the Pollutant Clean Up and Removal for loss resulting from an "equipment breakdown". The most we will pay for the Pollutant Clean Up and Removal is $250,000 unless another limit is provided by the Deductible and Limits Exceptions Schedule to which this endorsement can be attached. In that case, the limit provided by the Deductible and Limits Exceptions Schedule will apply.

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.

**2. Expediting Expenses**

We will pay for the expediting expense loss resulting from an "equipment breakdown" with respect to your damaged Covered Property. We will pay the reasonable extra cost to:

**(1)** Make temporary repairs;

**(2)** Expedite permanent repairs; and

**(3)** Expedite permanent replacement.

Reasonable extra cost means the extra cost of temporary repair and of expediting the repair of such damaged equipment of the insured, including overtime and the extra cost of express or other rapid means of transportation.

**3. Refrigerant Contamination**

We will pay the loss from contamination by refrigerant used in refrigerating, cooling or humidity control equipment at the described premises as a result of an "equipment breakdown".

The most we will pay for Refrigerant Contamination is $250,000 unless another limit is provided by the Deductible and Limits Exceptions Schedule to which this endorsement can be attached. In that case, the limit provided by the Deductible and Limits Exceptions Schedule will apply.

**4. Spoilage**

We will pay for loss of "perishable goods" due to spoilage resulting from lack of power, light, heat, steam or refrigeration caused by an "equipment breakdown".

However, we will not pay for any loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of the following causes of loss:

Fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, freezing, falling


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objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water, water damage, earth movement or flood.

The most we will pay for Spoilage is $250,000 unless another limit is provided by the Deductible and Limits Exceptions Schedule to which this endorsement can be attached. In that case, the limit provided by the Deductible and Limits Exceptions Schedule will apply.

**5. CFC Refrigerants**

We will pay for the additional cost to repair or replace Covered Property because of the use or presence of a refrigerant containing CFC (chlorofluorocarbon) substances resulting from an "equipment breakdown".

Additional Costs mean those in excess of what would have been required to repair or replace covered property, had no CFC refrigerant been involved. We also pay for additional loss as described under the Spoilage or Loss of Income Coverages provided by this endorsement, caused by the presence of a refrigerant containing CFC substances.

We will pay no more than the least of the following:

**(1)** The cost to repair the damaged property and replace any lost CFC refrigerant;

**(2)** The cost to repair the damaged property, retrofit the system to accept a non-CFC refrigerant, and charge the system with a non-CFC refrigerant; or

**(3)** The cost to replace the system with one using a non-CFC refrigerant.

**6. Computer Equipment**

We will pay for loss or damage to your computer equipment caused by an "equipment breakdown".

**7. Service Interruption**

Any insurance provided for Business Income, Extra Expense, Spoilage or Data Restoration is extended to apply to your loss, damage or expense caused by an "equipment breakdown" to equipment that is owned by a utility, landlord or other supplier with whom you have a contract to supply you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, "cloud computing", wide area networks or data transmission. The equipment must meet the definition of "equipment breakdown" except that it is not Covered Property.

**8. Data Restoration**

We will pay for your reasonable and necessary cost to research, replace and restore the lost information on electronic media and records as a result of an "equipment breakdown".

The most we will pay for Data Restoration is $100,000.

**9. Unauthorized Instruction**

We will pay for loss or damage to your "computer equipment" caused by an "unauthorized instruction" which results in an "equipment breakdown".

**10. Risk Improvement**

If Covered Property suffers direct physical loss or damage due to an "equipment breakdown", we will pay for the insured to improve the "power quality" of the electrical system or equipment at the loss location where the "equipment breakdown" occurred.

We will pay the reasonable extra cost to improve "power quality" for the following electrical systems and/or equipment improvements:

**(1)** Installation of surge protection devices (SPD's) which are installed at the loss location's line disconnect, load disconnect, or on specific pieces of equipment and that are certified by Underwriter Laboratories (UL) or has an equivalent certification.

However SPD's do not include any SPD's which are cord-connected surge strips, direct plug-in SPD's or receptacle SPD's;

**(2)** An upgrade and/or replacement of; electrical panels, switchgear and/or circuit breakers; or

**(3)** Electrical wire and wiring improvements which include installation of; flexible conduit, junction boxes and/or ground wiring.

We will not pay more than 10%, to a maximum limit of $10,000, of the loss amount paid. An


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invoice for implementation of this Additional Coverage must be sent to us within 180 days after the payment of the loss is received.

**11. Off-Premises Coverage**

We will pay for loss or damage to Covered Property resulting from a covered "equipment breakdown" while temporarily at a premises or location that is not a described premises.

The most we will pay for Off-Premises Coverage is $25,000.

**F. Additional Conditions**

The following Additional Conditions are added:

**1. Suspension**

Whenever Covered Property is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss to that Covered Property for the perils covered by this endorsement. Coverage can be suspended and possibly reinstated by delivering or mailing a written notice of suspension / coverage reinstatement to:

**a.** Your last known address; or

**b.** The address where the property is located.

**2. Jurisdictional Inspections**

If any Covered Property under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.

**3. Environmental, Safety and Efficiency Improvements**

If Covered Property requires replacement due to an “equipment breakdown”, we will pay your additional cost to replace with equipment that is better for the environment, safer, or more energy efficient than the equipment being replaced.

However, we will not pay more than 150% of what the cost would have been to repair or replace with like kind and quality. This Condition does not apply to any property to which Actual Cash Value applies.

**4. Green Environmental and Efficiency Improvements**

If Covered Property requires repair or replacement due to an “equipment breakdown”, we will pay;

**a.** The lesser of the reasonable and necessary additional cost incurred by you to repair or replace physically damaged Covered Property with equipment of like kind and quality which qualifies as “green”. Like kind and quality includes similar size and capacity.

**b.** The additional reasonable and necessary fees incurred by you for an accredited professional certified by a “green authority” to participate in the repair or replacement of physically damaged Covered Property as “green”.

**c.** The additional reasonable and necessary cost incurred by you for certification or recertification of the repaired or replaced Covered Property as “green”.

**d.** The additional reasonable and necessary cost incurred by you for “green” in the removal, disposal or recycling of damaged Covered Property.

**e.** The business interruption (if covered within the Policy to which this **Equipment Breakdown Enhancement Endorsement** is attached) loss during the additional time required for repair or replacement of Covered Property, consistent with “green”, in the coverages above.

We will not pay more than 150%, to a maximum limit of $100,000, of what the cost would have been to repair or replace with equipment of like kind and quality inclusive of fees, costs, and any business interruption loss incurred as stated above.

**Green Environmental and Efficiency Improvements** does not cover any of the following:

**a.** Covered Property does not include stock, raw materials, finished goods, “production machinery”, merchandise, electronic data processing equipment not used in the functional support of the real property, process water, molds and dies, property in the open, property of others for which you are legally liable, or personal property of others.

**b.** Any loss adjusted on any valuation basis other than a repair or replacement basis as per the Valuation section of this policy.


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**c.** Any loss covered under any other section of this policy.

**d.** Any cost incurred due to any law or ordinance with which you were legally obligated to comply prior to the time of the "equipment breakdown".

**H. Definitions**

The following **Definitions** are added:

**1.** "Cloud computing" means on-demand network access to a shared pool of computing resources via networks, servers, storage, applications and services provided by an organization with whom you have a contract with using the following service models: Software as a Service (SaaS), Platform as a Service (PaaS) and Infrastructure as a Service (IaaS) on the following deployment models: public cloud, community cloud, hybrid cloud and private cloud.

**2.** "Computer equipment" means Covered Property that is electronic computer or other data processing equipment, including peripherals used in conjunction with such equipment, and electronic media and records.

**3.** "Electronic equipment" means devices which operate using many small electrical parts such as, but not limited to, microchips, transistors or circuits.

**4.** "Electronic equipment deficiency" means the quality or condition inside of "electronic equipment" which renders this equipment unexpectedly inoperable and which is operable again once a piece of "electronic equipment" has been replaced.

However, "electronic equipment deficiency" will not include replacement of "electronic equipment" for any condition that could have been resolved without replacement of the "electronic equipment" including but not limited to "computer equipment" maintenance or the reinstallation or incompatibility of software.

**5.** "Equipment breakdown" as used herein means:

**a.** Physical loss or damage both originating within:

**(1)** Boilers, fired or unfired pressure vessels, vacuum vessels, and pressure piping, all normally subject to vacuum or internal pressure other than static pressure of contents, excluding:

**(a)** waste disposal piping;

**(b)** any piping forming part of a fire protective system;

**(c)** furnaces; and

**(d)** any water piping other than:

**(i)** boiler feed water piping between the feed pump and the boiler;

**(ii)** boiler condensate return piping; or

**(iii)** water piping forming part of a refrigerating or air conditioning system used for cooling, humidifying or space heating purposes.

**(2)** All mechanical, electrical, "electronic equipment" or fiber optic equipment; and

**b.** Caused by, resulting from, or consisting of:

**(1)** Mechanical breakdown;

**(2)** Electrical or electronic breakdown and "electronic equipment deficiency"; or

**(3)** Rupture, bursting, bulging, implosion, or steam explosion.

However, "equipment breakdown" will not mean:

**a.** Physical loss or damage caused by or resulting from any of the following; however if loss or damage not otherwise excluded results, then we will pay for such resulting damage:

**(1)** Wear and Tear;

**(2)** Rust or other corrosion, decay, deterioration, hidden or latent defect, mold or any other quality in property that causes it to damage or destroy itself;

**(3)** Smog;

**(4)** Settling, cracking, shrinking or expansion;

**(5)** Nesting or infestation, or discharge or release of waste products or secretions, by birds, rodents or other animals;


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**(6)** Any accident, loss, damage, cost, claim, or expense, whether preventative, remedial, or otherwise, directly or indirectly arising out of or relating to the recognition, interpretation, calculation, comparison, differentiation, sequencing, or processing of data by any computer system including any hardware, programs or software;

**(7)** Scratching and marring.

**b.** Loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of the following causes of loss:

Fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, freezing, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water, water damage, earth movement or flood.

**6.** "Green" means products, materials, methods and processes certified by a "green authority" that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize environmental impact.

**7.** "Green authority" means an authority on "green" buildings, products, materials, methods or processes certified and accepted by Leadership in Energy and Environmental Design (LEED®), "green" Building Initiative Green Globes®, Energy Star Rating System or any other recognized "green" rating system.

**8.** "Perishable goods" means stock preserved and maintained under controlled conditions and susceptible to loss or damage if the controlled conditions change.

**9.** "Power quality" means the conditions that allow electrical systems or equipment to operate as intended by limiting voltage fluctuations and other power influences that would adversely affect the operational performance and/or reduce the reliability, or the life-span of the electrical system.

**10.** "Production machinery" means any machine which processes, forms, shapes, or transports raw materials, materials in process, waste materials or finished products.

**11.** "Unauthorized instruction" means a virus, harmful code or similar instruction introduced into or enacted on a computer system or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation.

**CAUSES OF LOSS – BASIC FORM**

**A. Covered Causes of Loss**

The following Covered Causes of Loss is added: "Equipment Breakdown"

**B. Exclusions**

**1.** The following Exclusions do not apply:

**B.2.d.** and **B.2.e.**

**2.** The following **Exclusion** is deleted and replaced with the following:

**B.2.a.** Magnetic or electromagnetic energy that disturbs, disrupts or otherwise interferes with any:

**(1)** Electrical or electronic wire, device, appliance, system or network; or

**(2)** Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, magnetic or electromagnetic energy includes but is not limited to:

**(a)** Electrical charge produced or conducted by a magnetic or electromagnetic field;

**(b)** Pulse of electromagnetic energy; or

**(c)** Electromagnetic waves or microwaves.

However, if damage results causing an "equipment breakdown", we will pay for the loss or damage caused by that "equipment breakdown". But if fire results, we will pay for the loss or damage caused by that fire.

**CAUSES OF LOSS – BROAD FORM**

**A. Covered Causes of Loss**

The following **Covered Causes of Loss** is added:

"Equipment Breakdown"


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**B. Exclusions**

**1.** The following **Exclusions** do not apply:

**B.2.d.** and **B.2.e.**

**2.** The following **Exclusion** is deleted and replaced with the following:

**B.2.a.** Magnetic or electromagnetic energy that disturbs, disrupts or otherwise interferes with any:

**(1)** Electrical or electronic wire, device, appliance, system or network; or

**(2)** Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, magnetic or electromagnetic energy includes but is not limited to:

**(a)** Electrical charge produced or conducted by a magnetic or electromagnetic field;

**(b)** Pulse of electromagnetic energy; or

**(c)** Electromagnetic waves or microwaves.

However, if damage results causing an “equipment breakdown”, we will pay for the loss or damage caused by that “equipment breakdown”. But if fire results, we will pay for the loss or damage caused by that fire.

**CAUSES OF LOSS - SPECIAL FORM**

**A. Covered Causes of Loss**

**Covered Causes of Loss** also means “equipment breakdown”.

**B. Exclusions**

**1.** The following **Exclusions** do not apply:

**B.2.d. (6)** and **B.2.e**

**2.** The following **Exclusion** is deleted and replaced with the following:

**B.2.a.** Magnetic or electromagnetic energy that disturbs, disrupts or otherwise interferes with any:

**(1)** Electrical or electronic wire, device, appliance, system or network; or

**(2)** Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, magnetic or electromagnetic energy includes but is not limited to:

**(a)** Electrical charge produced or conducted by a magnetic or electromagnetic field;

**(b)** Pulse of electromagnetic energy; or

**(c)** Electromagnetic waves or microwaves.

However, if damage results causing an “equipment breakdown”, we will pay for the loss or damage caused by that “equipment breakdown”. But if fire results, we will pay for the loss or damage caused by that fire.

**C. Limitations**

The following **Limitations** do not apply:

**C.1.a.** and **C.1.b.**

**G. Definitions**

The following is added to the “Specified Causes of Loss” definition:

“Specified Causes of Loss" also means “equipment breakdown”.


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

# CYBER INCIDENT EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

**A.** The following exclusion is added to Paragraph **B. Exclusions**.

We will not pay for loss or damage caused directly or indirectly by 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.

**Cyber Incident**

1. Unauthorized access to or use of any computer system (including electronic data).
2. Malicious code, virus or any other harmful code that is directed at, enacted upon or introduced into any computer system (including electronic data) and is designed to access, alter, corrupt, damage, delete, destroy, disrupt, encrypt, exploit, use or prevent or restrict access to or the use of any part of any computer system (including electronic data) or otherwise disrupt its normal functioning or operation.
3. Denial of service attack which disrupts, prevents or restricts access to or use of any computer system, or otherwise disrupts its normal functioning or operation.

A cyber incident will not be considered to be vandalism.

**B. Exceptions And Limitations**

1. **Fire Or Explosion**

   If a cyber incident as described in Paragraphs **A.1.** through **A.3.** of this exclusion results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

2. **Additional Coverage**

   The exclusion in Paragraph **A.** does not apply to the extent that coverage is provided in the:
   **a.** Additional Coverage - Electronic Data; or
   **b.** Additional Coverage - Interruption Of Computer Operations;

3. The exclusion in Paragraph **A.** does not apply to loss or damage to electronic data which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

**C. Vandalism**

The following is added to Vandalism, if Vandalism coverage is not otherwise excluded under the Standard Property Policy or the Cause Of Loss - Basic, Broad or Special Forms and if applicable to the premises described in the Declarations:

Vandalism does not include a cyber incident as described in Paragraph **A.**


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# BUILDING AND PERSONAL PROPERTY COVERAGE FORM

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 **H.** Definitions.

**A. Coverage**

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

**1. Covered Property**

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.,** and limited in **A.2.** Property Not Covered, if a Limit Of Insurance is shown in the Declarations for that type of property.

**a. Building,** meaning the building or structure described in the Declarations, including:

**(1)** Completed additions;

**(2)** Fixtures, 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;

**(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.

**b. Your Business Personal Property** consists of the following property located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater:

**(1)** Furniture and fixtures;

**(2)** Machinery and equipment;

**(3)** "Stock";

**(4)** All other personal property owned by you and used in your business;

**(5)** Labor, materials or services furnished or arranged by you on personal property of others;

**(6)** Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:

**(a)** Made a part of the building or structure you occupy but do not own; and

**(b)** You acquired or made at your expense but cannot legally remove;

**(7)** Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

**c. Personal Property Of Others** that is:

**(1)** In your care, custody or control; and

**(2)** Located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater.

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However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

**2. Property Not Covered**

Covered Property does not include:

**a.** Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;

**b.** Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;

**c.** Automobiles held for sale;

**d.** Bridges, roadways, walks, patios or other paved surfaces;

**e.** Contraband, or property in the course of illegal transportation or trade;

**f.** The cost of excavations, grading, backfilling or filling;

**g.** Foundations of buildings, structures, machinery or boilers if their foundations are below:

**(1)** The lowest basement floor; or

**(2)** The surface of the ground, if there is no basement;

**h.** Land (including land on which the property is located), water, growing crops or lawns (other than lawns which are part of a vegetated roof);

**i.** Personal property while airborne or waterborne;

**j.** Bulkheads, pilings, piers, wharves or docks;

**k.** Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;

**l.** Retaining walls that are not part of a building;

**m.** Underground pipes, flues or drains;

**n.** Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, **n.,** does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system;

**o.** The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;

**p.** Vehicles or self-propelled machines (including aircraft or watercraft) that:

**(1)** Are licensed for use on public roads; or

**(2)** Are operated principally away from the described premises.

This paragraph does not apply to:

**(a)** Vehicles or self-propelled machines or autos you manufacture, process or warehouse;

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**(b)** Vehicles or self-propelled machines, other than autos, you hold for sale;

**(c)** Rowboats or canoes out of water at the described premises; or

**(d)** Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers; or

**q.** The following property while outside of buildings:

**(1)** Grain, hay, straw or other crops;

**(2)** Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), all except as provided in the Coverage Extensions.

**3. Covered Causes Of Loss**

See applicable Causes Of Loss form as shown in the Declarations.

**4. Additional Coverages**

**a. Debris Removal**

**(1)** Subject to Paragraphs **(2)**, **(3)** and **(4),** we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris 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 of direct physical loss or damage.

**(2)** Debris Removal does not apply to costs to:

**(a)** Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;

**(b)** Remove debris of property owned by or leased to the landlord of the building where your described premises are located, unless you have a contractual responsibility to insure such property and it is insured under this policy;

**(c)** Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;

**(d)** Remove property of others of a type that would not be Covered Property under this Coverage Form;

**(e)** Remove deposits of mud or earth from the grounds of the described premises;

**(f)** Extract "pollutants" from land or water; or

**(g)** Remove, restore or replace polluted land or water.

**(3)** Subject to the exceptions in Paragraph **(4),** the following provisions apply:

**(a)** The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.

**(b)** Subject to **(a)** above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is $5,000 at each location.

**(4)** We will pay up to an additional $25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

**(a)** The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.

**(b)** The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

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Therefore, if **(4)(a)** and/or **(4)(b)** applies, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus $25,000.

**(5) Examples**

The following examples assume that there is no Coinsurance penalty.

**Example 1**

| | |
|---|---|
| Limit of Insurance: | $ 90,000 |
| Amount of Deductible: | $ 500 |
| Amount of Loss: | $ 50,000 |
| Amount of Loss Payable: | $ 49,500 |
| | ($50,000 – $500) |
| Debris Removal Expense: | $ 10,000 |
| Debris Removal Expense Payable: | $ 10,000 |

($10,000 is 20% of $50,000.)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense ($49,500 + $10,000 = $59,500) is less than the Limit of Insurance. Therefore, the full amount of debris removal expense is payable in accordance with the terms of Paragraph **(3).**

**Example 2**

| | |
|---|---|
| Limit of Insurance: | $ 90,000 |
| Amount of Deductible: | $ 500 |
| Amount of Loss: | $ 80,000 |
| Amount of Loss Payable: | $ 79,500 |
| | ($80,000 – $500) |
| Debris Removal Expense: | $ 40,000 |
| Debris Removal Expense Payable | |
| Basic Amount: | $ 10,500 |
| Additional Amount: | $ 25,000 |

The basic amount payable for debris removal expense under the terms of Paragraph **(3)** is calculated as follows: $80,000 ($79,500 + $500) x .25 = $20,000, capped at $10,500. The cap applies because the sum of the loss payable ($79,500) and the basic amount payable for debris removal expense ($10,500) cannot exceed the Limit of Insurance ($90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph **(4),** because the debris removal expense ($40,000) exceeds 25% of the loss payable plus the deductible ($40,000 is 50% of $80,000), and because the sum of the loss payable and debris removal expense ($79,500 + $40,000 = $119,500) would exceed the Limit of Insurance ($90,000). The additional amount of covered debris removal expense is $25,000, the maximum payable under Paragraph **(4).** Thus, the total payable for debris removal expense in this example is $35,500; $4,500 of the debris removal expense is not covered.

**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.

**c. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to $1,000 for service at each premises described in the Declarations, unless a higher limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

This Additional Coverage applies to your liability for fire department service charges:

**(1)** Assumed by contract or agreement prior to loss; or

**(2)** Required by local ordinance.

No Deductible applies to this Additional Coverage.

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**d. 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 for each described premises 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.

**e. Increased Cost Of Construction**

**(1)** This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.

**(2)** In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in **e.(3)** through **e.(9)** of this Additional Coverage.

**(3)** The ordinance or law referred to in **e.(2)** of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.

**(4)** Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:

**(a)** You were required to comply with before the loss, even when the building was undamaged; and

**(b)** You failed to comply with.

**(5)** Under this Additional Coverage, we will not pay for:

**(a)** The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or

**(b)** Any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

**(6)** The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is $10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of $10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

**(7)** With respect to this Additional Coverage:

**(a)** We will not pay for the Increased Cost of Construction:

**(i)** Until the property is actually repaired or replaced at the same or another premises; and

**(ii)** Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

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**(b)** If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the same premises.

**(c)** If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the new premises.

**(8)** This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.

**(9)** The costs addressed in the Loss Payment and Valuation Conditions and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this Additional Coverage, as stated in **e.(6)** of this Additional Coverage, is not subject to such limitation.

**f. Electronic Data**

**(1)** Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data. This Additional Coverage does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.

**(2)** Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.

**(3)** The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:

**(a)** If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.

**(b)** If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.

**(c)** If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.

**(d)** The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

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**(4)** The most we will pay under this Additional Coverage, Electronic Data, is $2,500 (unless a higher limit is shown in the Declarations) for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

**5. Coverage Extensions**

Except as otherwise provided, the following Extensions apply to 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.

If a Coinsurance percentage of 80% or more, or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

**a. Newly Acquired Or Constructed Property**

**(1) Buildings**

If this policy covers Building, you may extend that insurance to apply to:

**(a)** Your new buildings while being built on the described premises; and

**(b)** Buildings you acquire at locations, other than the described premises, intended for:

**(i)** Similar use as the building described in the Declarations; or

**(ii)** Use as a warehouse.

The most we will pay for loss or damage under this Extension is $250,000 at each building.

**(2) Your Business Personal Property**

**(a)** If this policy covers Your Business Personal Property, you may extend that insurance to apply to:

**(i)** Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions; or

**(ii)** Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations.

The most we will pay for loss or damage under this Extension is $100,000 at each building.

**(b)** This Extension does not apply to:

**(i)** Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or

**(ii)** Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

**(3) Period Of Coverage**

With respect to insurance provided under this Coverage Extension for Newly Acquired Or Constructed Property, coverage will end when any of the following first occurs:

**(a)** This policy expires;

**(b)** 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or

**(c)** You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

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**b. Personal Effects And Property Of Others**

You may extend the insurance that applies to Your Business Personal Property to apply to:

**(1)** Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.

**(2)** Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is $2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

**c. Valuable Papers And Records (Other Than Electronic Data)**

**(1)** You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.

**(2)** If the Causes Of Loss – Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.

**(3)** If the Causes Of Loss – Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.

**(4)** Under this Extension, the most we will pay to replace or restore the lost information is $2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist) and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and, therefore, coverage of such costs is not additional insurance.

**d. Property Off-premises**

**(1)** You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:

**(a)** Temporarily at a location you do not own, lease or operate;

**(b)** In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or

**(c)** At any fair, trade show or exhibition.

**(2)** This Extension does not apply to property:

**(a)** In or on a vehicle; or

**(b)** In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.

**(3)** The most we will pay for loss or damage under this Extension is $10,000.

**e. Outdoor Property**

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

**(1)** Fire;

**(2)** Lightning;

**(3)** Explosion;

**(4)** Riot or Civil Commotion; or

**(5)** Aircraft.

The most we will pay for loss or damage under this Extension is $1,000, but not more than $250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

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Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others, except in the situation in which you are a tenant and such property is owned by the landlord of the described premises.

**f. Non-owned Detached Trailers**

**(1)** You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:

**(a)** The trailer is used in your business;

**(b)** The trailer is in your care, custody or control at the premises described in the Declarations; and

**(c)** You have a contractual responsibility to pay for loss or damage to the trailer.

**(2)** We will not pay for any loss or damage that occurs:

**(a)** While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;

**(b)** During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.

**(3)** The most we will pay for loss or damage under this Extension is $5,000, unless a higher limit is shown in the Declarations.

**(4)** This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

**g. Business Personal Property Temporarily In Portable Storage Units**

**(1)** You may extend the insurance that applies to Your Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the building or structure described in the Declarations or within 100 feet of the premises described in the Declarations, whichever distance is greater.

**(2)** If the applicable Covered Causes of Loss form or endorsement contains a limitation or exclusion concerning loss or damage from sand, dust, sleet, snow, ice or rain to property in a structure, such limitation or exclusion also applies to property in a portable storage unit.

**(3)** Coverage under this Extension:

**(a)** Will end 90 days after the business personal property has been placed in the storage unit;

**(b)** Does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the business personal property has been stored there for 90 or fewer days as of the time of loss or damage.

**(4)** Under this Extension, the most we will pay for the total of all loss or damage to business personal property is $10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units. Such limit is part of, not in addition to, the applicable Limit of Insurance on Your Business Personal Property. Therefore, payment under this Extension will not increase the applicable Limit of Insurance on Your Business Personal Property.

**(5)** This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form or policy, and does not apply to loss or damage to the storage unit itself.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

**B. Exclusions And Limitations**

See applicable Causes Of Loss form as shown in the Declarations.

**C. Limits Of Insurance**

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

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is $2,500 per sign in any one occurrence.

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The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage:

1. Fire Department Service Charge;
2. Pollutant Clean-up And Removal;
3. Increased Cost Of Construction; and
4. Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

**D. Deductible**

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

**Example 1**

(This example assumes there is no Coinsurance penalty.)

| | |
|---|---|
| Deductible: | $ 250 |
| Limit of Insurance – Building 1: | $ 60,000 |
| Limit of Insurance – Building 2: | $ 80,000 |
| Loss to Building 1: | $ 60,100 |
| Loss to Building 2: | $ 90,000 |

The amount of loss to Building 1 ($60,100) is less than the sum ($60,250) of the Limit of Insurance applicable to Building 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building 1:

$ 60,100
– 250
$ 59,850 Loss Payable – Building 1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building 2. Loss payable for Building 2 is the Limit of Insurance of $80,000.

Total amount of loss payable:

$59,850 + $80,000 = $139,850

**Example 2**

(This example, too, assumes there is no Coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example 1.

| | |
|---|---|
| Loss to Building 1: | $ 70,000 |
| (Exceeds Limit of Insurance plus Deductible) | |
| Loss to Building 2: | $ 90,000 |
| (Exceeds Limit of Insurance plus Deductible) | |
| Loss Payable – Building 1: | $ 60,000 |
| (Limit of Insurance) | |
| Loss Payable – Building 2: | $ 80,000 |
| (Limit of Insurance) | |
| Total amount of loss payable: | $ 140,000 |

**E. Loss Conditions**

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

**1. Abandonment**

There can be no abandonment of any property to us.

**2. Appraisal**

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

**a.** Pay its chosen appraiser; and

**b.** Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

**3. Duties In The Event Of Loss Or Damage**

**a.** You must see that the following are done in the event of loss or damage to Covered Property:

**(1)** Notify the police if a law may have been broken.

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**(2)** Give us prompt notice of the loss or damage. Include a description of the property involved.

**(3)** As soon as possible, give us a description of how, when and where the loss or damage occurred.

**(4)** Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

**(5)** At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

**(6)** As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

**(7)** Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

**(8)** Cooperate with us in the investigation or settlement of the claim.

**b.** We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

**4. Loss Payment**

**a.** In the event of loss or damage covered by this Coverage Form, at our option, we will either:

**(1)** Pay the value of lost or damaged property;

**(2)** Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;

**(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, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.

**b.** The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

**c.** We will give notice of our intentions within 30 days after we receive the sworn proof of loss.

**d.** We will not pay you more than your financial interest in the Covered Property.

**e.** We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

**f.** We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

**g.** We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:

**(1)** We have reached agreement with you on the amount of loss; or

**(2)** An appraisal award has been made.

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**h.** A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

**5. Recovered Property**

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

**6. Vacancy**

**a. Description Of Terms**

**(1)** As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in **(1)(a)** and **(1)(b)** below:

**(a)** When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

**(b)** When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

**(i)** Rented to a lessee or sublessee and used by the lessee or sublessee to conduct its customary operations; and/or

**(ii)** Used by the building owner to conduct customary operations.

**(2)** Buildings under construction or renovation are not considered vacant.

**b. Vacancy Provisions**

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

**(1)** We will not pay for any loss or damage caused by any of the following, even if they are Covered Causes of Loss:

**(a)** Vandalism;

**(b)** Sprinkler leakage, unless you have protected the system against freezing;

**(c)** Building glass breakage;

**(d)** Water damage;

**(e)** Theft; or

**(f)** Attempted theft.

**(2)** With respect to Covered Causes of Loss other than those listed in **b.(1)(a)** through **b.(1)(f)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

**7. Valuation**

We will determine the value of Covered Property in the event of loss or damage as follows:

**a.** At actual cash value as of the time of loss or damage, except as provided in **b., c., d.** and **e.** below.

**b.** If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is $2,500 or less, we will pay the cost of building repairs or replacement.

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The cost of building repairs or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

However, the following property will be valued at the actual cash value, even when attached to the building:

**(1)** Awnings or floor coverings;

**(2)** Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or

**(3)** Outdoor equipment or furniture.

**c.** "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.

**d.** Glass at the cost of replacement with safety-glazing material if required by law.

**e.** Tenants' Improvements and Betterments at:

**(1)** Actual cash value of the lost or damaged property if you make repairs promptly.

**(2)** A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:

**(a)** Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and

**(b)** Divide the amount determined in **(a)** above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

**(3)** Nothing if others pay for repairs or replacement.

## F. Additional Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

### 1. Coinsurance

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

**a.** We will not pay the full amount of any loss if the value of Covered Property 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 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.

**Example 1 (Underinsurance)**

| | | |
|---|---|---|
| When: | The value of the property is: | $ 250,000 |
| | The Coinsurance percentage for it is: | 80% |
| | The Limit of Insurance for it is: | $ 100,000 |
| | The Deductible is: | $ 250 |
| | The amount of loss is: | $ 40,000 |

Step **(1):** $250,000 x 80% = $200,000
(the minimum amount of insurance to meet your Coinsurance requirements)

Step **(2):** $100,000 ÷ $200,000 = .50

Step **(3):** $40,000 x .50 = $20,000

Step **(4):** $20,000 – $250 = $19,750

We will pay no more than $19,750. The remaining $20,250 is not covered.

**Example 2 (Adequate Insurance)**

| | | |
|---|---|---|
| When: | The value of the property is: | $ 250,000 |
| | The Coinsurance percentage for it is: | 80% |
| | The Limit of Insurance for it is: | $ 200,000 |
| | The Deductible is: | $ 250 |
| | The amount of loss is: | $ 40,000 |

The minimum amount of insurance to meet your Coinsurance requirement is $200,000 ($250,000 x 80%). Therefore, the Limit of Insurance in this example is adequate, and no penalty applies. We will pay no more than $39,750 ($40,000 amount of loss minus the deductible of $250).

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**b.** If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

**Example 3**

| | | |
|---|---|---|
| When: | The value of the property is: | |
| | Building at Location 1: | $ 75,000 |
| | Building at Location 2: | $ 100,000 |
| | Personal Property at Location 2: | $ 75,000 |
| | | $ 250,000 |
| | The Coinsurance percentage for it is: | 90% |
| | The Limit of Insurance for Buildings and Personal Property at Locations 1 and 2 is: | $ 180,000 |
| | The Deductible is: | $ 1,000 |
| | The amount of loss is: | |
| | Building at Location 2: | $ 30,000 |
| | Personal Property at Location 2: | $ 20,000 |
| | | $ 50,000 |

Step **(1):** $250,000 x 90% = $225,000
(the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step **(2):** $180,000 ÷ $225,000 = .80

Step **(3):** $50,000 x .80 = $40,000

Step **(4):** $40,000 – $1,000 = $39,000

We will pay no more than $39,000. The remaining $11,000 is not covered.

**2. Mortgageholders**

**a.** The term mortgageholder includes trustee.

**b.** We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.

**c.** The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.

**d.** If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

**(1)** Pays any premium due under this Coverage Part at our request if you have failed to do so;

**(2)** Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

**(3)** Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

**e.** If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

**(1)** The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

**(2)** The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

**f.** If we cancel this policy, we will give written notice to the mortgageholder at least:

**(1)** 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

**(2)** 30 days before the effective date of cancellation if we cancel for any other reason.

**g.** If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

**G. Optional Coverages**

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item:

**1. Agreed Value**

**a.** The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.

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**b.** If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.

**c.** The terms of this Optional Coverage apply only to loss or damage that occurs:

**(1)** On or after the effective date of this Optional Coverage; and

**(2)** Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

**2. Inflation Guard**

**a.** The Limit of Insurance for property to which this Optional Coverage applies will automatically increase by the annual percentage shown in the Declarations.

**b.** The amount of increase will be:

**(1)** The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times

**(2)** The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times

**(3)** The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

**Example**

| | | |
|---|---|---|
| If: | The applicable Limit of Insurance is: | $ 100,000 |
| | The annual percentage increase is: | 8% |
| | The number of days since the beginning of the policy year (or last policy change) is: | 146 |
| | The amount of increase is: $100,000 x .08 x 146 ÷ 365 = | $ 3,200 |

**3. Replacement Cost**

**a.** Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.

**b.** This Optional Coverage does not apply to:

**(1)** Personal property of others;

**(2)** Contents of a residence;

**(3)** Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or

**(4)** "Stock", unless the Including "Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

**c.** You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.

**d.** We will not pay on a replacement cost basis for any loss or damage:

**(1)** Until the lost or damaged property is actually repaired or replaced; and

**(2)** Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also apply:

**(3)** If the conditions in **d.(1)** and **d.(2)** above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and

**(4)** We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.

**e.** We will not pay more for loss or damage on a replacement cost basis than the least of **(1), (2)** or **(3),** subject to **f.** below:

**(1)** The Limit of Insurance applicable to the lost or damaged property;

**(2)** The cost to replace the lost or damaged property with other property:

**(a)** Of comparable material and quality; and

**(b)** Used for the same purpose; or

**(3)** The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in **e.(2)** above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

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**f.** The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

**4. Extension Of Replacement Cost To Personal Property Of Others**

**a.** If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph **3.b.(1)** of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.

**b.** With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

**H. Definitions**

**1.** "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

**2.** "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.

**3.** "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.


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# CONDOMINIUM ASSOCIATION COVERAGE FORM

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 **H.** Definitions.

**A. Coverage**

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

**1. Covered Property**

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.,** and limited in **A.2.** Property Not Covered, if a Limit Of Insurance is shown in the Declarations for that type of property.

**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.

**b. Your Business Personal Property** located in or on the building or structure 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 services furnished or arranged by you on personal property of others; and

**(3)** Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

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But Your Business Personal Property does not include personal property owned only by a unit-owner.

**c. Personal Property Of Others** that is:

**(1)** In your care, custody or control; and

**(2)** Located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

**2. Property Not Covered**

Covered Property does not include:

**a.** Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;

**b.** Animals, unless owned by others and boarded by you;

**c.** Automobiles held for sale;

**d.** Bridges, roadways, walks, patios or other paved surfaces;

**e.** Contraband, or property in the course of illegal transportation or trade;

**f.** The cost of excavations, grading, backfilling or filling;

**g.** Foundations of buildings, structures, machinery or boilers if their foundations are below:

**(1)** The lowest basement floor; or

**(2)** The surface of the ground if there is no basement;

**h.** Land (including land on which the property is located), water, growing crops or lawns (other than lawns which are part of a vegetated roof);

**i.** Personal property while airborne or waterborne;

**j.** Bulkheads, pilings, piers, wharves or docks;

**k.** Property that is covered under this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;

**l.** Retaining walls that are not part of a building;

**m.** Underground pipes, flues or drains;

**n.** Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, **n.,** does not apply to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system;

**o.** The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;

**p.** Vehicles or self-propelled machines (including aircraft or watercraft) that:

**(1)** Are licensed for use on public roads; or

**(2)** Are operated principally away from the described premises.

This paragraph does not apply to:

**(a)** Vehicles or self-propelled machines or autos you manufacture or warehouse;

**(b)** Vehicles or self-propelled machines, other than autos, you hold for sale;

**(c)** Rowboats or canoes out of water at the described premises; or

**(d)** Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers; or

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**q.** The following property while outside of buildings:

**(1)** Grain, hay, straw or other crops; or

**(2)** Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), all except as provided in the Coverage Extensions.

**3. Covered Causes Of Loss**

See applicable Causes Of Loss form as shown in the Declarations.

**4. Additional Coverages**

**a. Debris Removal**

**(1)** Subject to Paragraphs **(2), (3)** and **(4),** we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris 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 of direct physical loss or damage.

**(2)** Debris Removal does not apply to costs to:

**(a)** Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;

**(b)** Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;

**(c)** Remove property of others of a type that would not be Covered Property under this Coverage Form;

**(d)** Remove deposits of mud or earth from the grounds of the described premises;

**(e)** Extract "pollutants" from land or water; or

**(f)** Remove, restore or replace polluted land or water.

**(3)** Subject to the exceptions in Paragraph **(4),** the following provisions apply:

**(a)** The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.

**(b)** Subject to **(a)** above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is $5,000 at each location.

**(4)** We will pay up to an additional $25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

**(a)** The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.

**(b)** The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if **(4)(a)** and/or **(4)(b)** applies, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus $25,000.

**(5) Examples**

The following examples assume that there is no Coinsurance penalty.

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**Example 1**

| | |
|---|---|
| Limit of Insurance: | $ 90,000 |
| Amount of Deductible: | $ 500 |
| Amount of Loss: | $ 50,000 |
| Amount of Loss Payable: | $ 49,500 |
| | ($50,000 – $500) |
| Debris Removal Expense: | $ 10,000 |
| Debris Removal Expense Payable: | $ 10,000 |

($10,000 is 20% of $50,000.)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense ($49,500 + $10,000 = $59,500) is less than the Limit of Insurance. Therefore, the full amount of debris removal expense is payable in accordance with the terms of Paragraph **(3).**

**Example 2**

| | |
|---|---|
| Limit of Insurance: | $ 90,000 |
| Amount of Deductible: | $ 500 |
| Amount of Loss: | $ 80,000 |
| Amount of Loss Payable: | $ 79,500 |
| | ($80,000 – $500) |
| Debris Removal Expense: | $ 40,000 |
| Debris Removal Expense Payable | |
| Basic Amount: | $ 10,500 |
| Additional Amount: | $ 25,000 |

The basic amount payable for debris removal expense under the terms of Paragraph **(3)** is calculated as follows: $80,000 ($79,500 + $500) x .25 = $20,000, capped at $10,500. The cap applies because the sum of the loss payable ($79,500) and the basic amount payable for debris removal expense ($10,500) cannot exceed the Limit of Insurance ($90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph **(4),** because the debris removal expense ($40,000) exceeds 25% of the loss payable plus the deductible ($40,000 = 50% of $80,000), and because the sum of the loss payable and debris removal expense ($79,500 + $40,000 = $119,500) would exceed the Limit of Insurance ($90,000). The additional amount of covered debris removal expense is $25,000, the maximum payable under Paragraph **(4).** Thus, the total payable for debris removal expense in this example is $35,500; $4,500 of the debris removal expense is not covered.

**b. Preservation Of Property**

If it is necessary for you 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.

**c. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to $1,000 for service at each premises described in the Declarations unless a higher limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

This Additional Coverage applies to your liability for fire department service charges:

**(1)** Assumed by contract or agreement prior to loss; or

**(2)** Required by local ordinance.

No Deductible applies to this Additional Coverage.

**d. 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.

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The most we will pay under this Additional Coverage for each described premises 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.

**e. Increased Cost Of Construction**

**(1)** This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.

**(2)** In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in **e.(3)** through **e.(9)** of this Additional Coverage.

**(3)** The ordinance or law referred to in **e.(2)** of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.

**(4)** Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:

**(a)** You were required to comply with before the loss, even when the building was undamaged; and

**(b)** You failed to comply with.

**(5)** Under this Additional Coverage, we will not pay for:

**(a)** The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or

**(b)** Any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

**(6)** The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is $10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of $10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

**(7)** With respect to this Additional Coverage:

**(a)** We will not pay for the Increased Cost of Construction:

**(i)** Until the property is actually repaired or replaced, at the same or another premises; and

**(ii)** Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

**(b)** If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the same premises.

**(c)** If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the new premises.

**(8)** This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.

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**(9)** The costs addressed in the Loss Payment and Valuation Conditions and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this Additional Coverage, as stated in **e.(6)** of this Additional Coverage, is not subject to such limitation.

**f. Electronic Data**

**(1)** Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data. This Additional Coverage does not apply to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.

**(2)** Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.

**(3)** The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:

**(a)** If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.

**(b)** If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.

**(c)** If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.

**(d)** The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

**(4)** The most we will pay under this Additional Coverage, Electronic Data, is $2,500 (unless a higher limit is shown in the Declarations) for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

**5. Coverage Extensions**

Except as otherwise provided, the following Extensions apply to 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.

If a Coinsurance percentage of 80% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

**a. Newly Acquired Or Constructed Property**

**(1) Buildings**

You may extend the insurance that applies to Building to apply to:

**(a)** Your new buildings while being built on the described premises; and

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**(b)** Buildings you acquire at locations, other than the described premises, intended for:

**(i)** Similar use as the building described in the Declarations; or

**(ii)** Use as a warehouse.

The most we will pay for loss or damage under this Extension is $250,000 at each building.

**(2) Your Business Personal Property**

**(a)** If this policy covers Your Business Personal Property, you may extend that insurance to apply to:

**(i)** Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions; or

**(ii)** Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations.

The most we will pay for loss or damage under this Extension is $100,000 at each building.

**(b)** This Extension does not apply to:

**(i)** Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or

**(ii)** Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

**(3) Period Of Coverage**

With respect to insurance provided under this Coverage Extension for Newly Acquired Or Constructed Property, coverage will end when any of the following first occurs:

**(a)** This policy expires;

**(b)** 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or

**(c)** You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

**b. Personal Effects And Property Of Others**

You may extend the insurance that applies to Your Business Personal Property to apply to:

**(1)** Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.

**(2)** Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is $2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

**c. Valuable Papers And Records (Other Than Electronic Data)**

**(1)** You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.

**(2)** If the Causes Of Loss – Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.

**(3)** If the Causes Of Loss – Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.

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**(4)** Under this Extension, the most we will pay to replace or restore the lost information is $2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist) and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and, therefore, coverage of such costs is not additional insurance.

**d. Property Off-premises**

**(1)** You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:

**(a)** Temporarily at a location you do not own, lease or operate;

**(b)** In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or

**(c)** At any fair, trade show or exhibition.

**(2)** This Extension does not apply to property:

**(a)** In or on a vehicle; or

**(b)** In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.

**(3)** The most we will pay for loss or damage under this Extension is $10,000.

**e. Outdoor Property**

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

**(1)** Fire;

**(2)** Lightning;

**(3)** Explosion;

**(4)** Riot or Civil Commotion; or

**(5)** Aircraft.

The most we will pay for loss or damage under this Extension is $1,000, but not more than $250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others.

**f. Non-owned Detached Trailers**

**(1)** You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:

**(a)** The trailer is used in your business;

**(b)** The trailer is in your care, custody or control at the premises described in the Declarations; and

**(c)** You have a contractual responsibility to pay for loss or damage to the trailer.

**(2)** We will not pay for any loss or damage that occurs:

**(a)** While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;

**(b)** During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.

**(3)** The most we will pay for loss or damage under this Extension is $5,000, unless a higher limit is shown in the Declarations.

**(4)** This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

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**g. Business Personal Property Temporarily In Portable Storage Units**

**(1)** You may extend the insurance that applies to Your Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the described premises.

**(2)** If the applicable Covered Causes of Loss form or endorsement contains a limitation or exclusion concerning loss or damage from sand, dust, sleet, snow, ice or rain to property in a structure, such limitation or exclusion also applies to property in a portable storage unit.

**(3)** Coverage under this Extension:

**(a)** Will end 90 days after the business personal property has been placed in the storage unit;

**(b)** Does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the business personal property has been stored there for 90 or fewer days as of the time of loss or damage.

**(4)** Under this Extension, the most we will pay for the total of all loss or damage to business personal property is $10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units. Such limit is part of, not in addition to, the applicable Limit of Insurance on Your Business Personal Property. Therefore, payment under this Extension will not increase the applicable Limit of Insurance on Your Business Personal Property.

**(5)** This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form or policy, and does not apply to loss or damage to the storage unit itself.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

**B. Exclusions And Limitations**

See applicable Causes Of Loss form as shown in the Declarations.

**C. Limits Of Insurance**

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

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is $2,500 per sign in any one occurrence.

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage:

**1.** Fire Department Service Charge;

**2.** Pollutant Clean-up And Removal;

**3.** Increased Cost Of Construction; and

**4.** Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

**D. Deductible**

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

**Example 1**

(This example assumes there is no Coinsurance penalty.)

| | | |
|---|---|---|
| Deductible: | $ | 250 |
| Limit of Insurance – Building 1: | $ | 60,000 |
| Limit of Insurance – Building 2: | $ | 80,000 |
| Loss to Building 1: | $ | 60,100 |
| Loss to Building 2: | $ | 90,000 |

The amount of loss to Building 1 ($60,100) is less than the sum ($60,250) of the Limit of Insurance applicable to Building 1 plus the Deductible.

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The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building 1:

| | |
|---|---|
| $ 60,100 | |
| – 250 | |
| $ 59,850 | Loss Payable – Building 1 |

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building 2. Loss payable for Building 2 is the Limit of Insurance of $80,000.

Total amount of loss payable:

$59,850 + $80,000 = $139,850

**Example 2**

(This example, too, assumes there is no Coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example 1.

| | |
|---|---|
| Loss to Building 1: | $ 70,000 |
| (Exceeds Limit of Insurance plus Deductible) | |
| Loss to Building 2: | $ 90,000 |
| (Exceeds Limit of Insurance plus Deductible) | |
| Loss Payable – Building 1: | $ 60,000 |
| (Limit of Insurance) | |
| Loss Payable – Building 2: | $ 80,000 |
| (Limit of Insurance) | |
| Total amount of loss payable: | $ 140,000 |

**E. Loss Conditions**

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

**1. Abandonment**

There can be no abandonment of any property to us.

**2. Appraisal**

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

**a.** Pay its chosen appraiser; and

**b.** Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

**3. Duties In The Event Of Loss Or Damage**

**a.** You must see that the following are done in the event of loss or damage to Covered Property:

**(1)** Notify the police if a law may have been broken.

**(2)** Give us prompt notice of the loss or damage. Include a description of the property involved.

**(3)** As soon as possible, give us a description of how, when and where the loss or damage occurred.

**(4)** Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

**(5)** At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

**(6)** As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

**(7)** Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

**(8)** Cooperate with us in the investigation or settlement of the claim.

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**b.** We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

**4. Loss Payment**

**a.** In the event of loss or damage covered by this Coverage Form, at our option, we will either:

**(1)** Pay the value of lost or damaged property;

**(2)** Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;

**(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, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.

**b.** The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

**c.** We will give notice of our intentions within 30 days after we receive the sworn proof of loss.

**d.** We will not pay you more than your financial interest in the Covered Property.

**e.** We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

**f.** We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

**g.** We will pay for covered loss or damage to Covered Property within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:

**(1)** We have reached agreement with you on the amount of loss; or

**(2)** An appraisal award has been made.

If you name an insurance trustee, we will adjust losses with you, but we will pay the insurance trustee. If we pay the trustee, the payments will satisfy your claims against us.

**h.** A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

**5. Recovered Property**

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

**6. Unit-owner's Insurance**

A unit-owner may have other insurance covering the same property as this insurance. This insurance is intended to be primary and not to contribute with such other insurance.

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7. **Vacancy**

a. **Description Of Terms**

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in **(1)(a)** and **(1)(b)** below:

(a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

(b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

(i) Rented to a lessee or sublessee and used by the lessee or sublessee to conduct its customary operations; and/or

(ii) Used by the building owner to conduct customary operations.

(2) Buildings under construction or renovation are not considered vacant.

b. **Vacancy Provisions**

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

(1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

(a) Vandalism;

(b) Sprinkler leakage, unless you have protected the system against freezing;

(c) Building glass breakage;

(d) Water damage;

(e) Theft; or

(f) Attempted theft.

(2) With respect to Covered Causes of Loss other than those listed in **b.(1)(a)** through **b.(1)(f)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

8. **Valuation**

We will determine the value of Covered Property in the event of loss or damage as follows:

a. At actual cash value as of the time of loss or damage, except as provided in **b.** and **c.** below.

b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is $2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property. However, the following property will be valued at the actual cash value, even when attached to the building:

(1) Awnings or floor coverings;

(2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or

(3) Outdoor equipment or furniture.

c. Glass at the cost of replacement with safety-glazing material if required by law.

9. **Waiver Of Rights Of Recovery**

We waive our rights to recover payment from any unit-owner of the condominium that is shown in the Declarations.

F. **Additional Conditions**

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. **Coinsurance**

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

a. We will not pay the full amount of any loss if the value of Covered Property 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 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);**

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**(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.

**Example 1 (Underinsurance)**

| | | |
|---|---|---|
| When: | The value of the property is: | $ 250,000 |
| | The Coinsurance percentage for it is: | 80% |
| | The Limit of Insurance for it is: | $ 100,000 |
| | The Deductible is: | $ 250 |
| | The amount of loss is: | $ 40,000 |

Step **(1):** $250,000 x 80% = $200,000
(the minimum amount of insurance to meet your Coinsurance requirements)

Step **(2):** $100,000 ÷ $200,000 = .50

Step **(3):** $40,000 x .50 = $20,000

Step **(4):** $20,000 – $250 = $19,750

We will pay no more than $19,750. The remaining $20,250 is not covered.

**Example 2 (Adequate Insurance)**

| | | |
|---|---|---|
| When: | The value of the property is: | $ 250,000 |
| | The Coinsurance percentage for it is: | 80% |
| | The Limit of Insurance for it is: | $ 200,000 |
| | The Deductible is: | $ 250 |
| | The amount of loss is: | $ 40,000 |

The minimum amount of insurance to meet your Coinsurance requirement is $200,000 ($250,000 x 80%). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than $39,750 ($40,000 amount of loss minus the deductible of $250).

**b.** If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

**Example 3**

| | | |
|---|---|---|
| When: | The value of the property is: | |
| | Building at Location 1: | $ 75,000 |
| | Building at Location 2: | $ 100,000 |
| | Personal Property at Location 2: | $ 75,000 |
| | | $ 250,000 |
| | The Coinsurance percentage for it is: | 90% |
| | The Limit of Insurance for Buildings and Personal Property at Locations 1 and 2 is: | $ 180,000 |
| | The Deductible is: | $ 1,000 |
| | The amount of loss is: | |
| | Building at Location 2: | $ 30,000 |
| | Personal Property at Location 2: | $ 20,000 |
| | | $ 50,000 |

Step **(1):** $250,000 x 90% = $225,000
(the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step **(2):** $180,000 ÷ $225,000 = .80

Step **(3):** $50,000 x .80 = $40,000

Step **(4):** $40,000 – $1,000 = $39,000

We will pay no more than $39,000. The remaining $11,000 is not covered.

**2. Mortgageholders**

**a.** The term mortgageholder includes trustee.

**b.** We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.

**c.** The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.

**d.** If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

**(1)** Pays any premium due under this Coverage Part at our request if you have failed to do so;

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**(2)** Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

**(3)** Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

**e.** If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

**(1)** The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

**(2)** The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

**f.** If we cancel this policy, we will give written notice to the mortgageholder at least:

**(1)** 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

**(2)** 30 days before the effective date of cancellation if we cancel for any other reason.

**g.** If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

**G. Optional Coverages**

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item:

**1. Agreed Value**

**a.** The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.

**b.** If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.

**c.** The terms of this Optional Coverage apply only to loss or damage that occurs:

**(1)** On or after the effective date of this Optional Coverage; and

**(2)** Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

**2. Inflation Guard**

**a.** The Limit of Insurance for property to which this Optional Coverage applies will automatically increase by the annual percentage shown in the Declarations.

**b.** The amount of increase will be:

**(1)** The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times

**(2)** The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times

**(3)** The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

**Example**

| | | |
|---|---|---|
| If: | The applicable Limit of Insurance is: | $ 100,000 |
| | The annual percentage increase is: | 8% |
| | The number of days since the beginning of the policy year (or last policy change) is: | 146 |
| | The amount of increase is: $100,000 x .08 x 146 ÷ 365 = | $ 3,200 |

**3. Replacement Cost**

**a.** Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Loss Condition, Valuation, of this Coverage Form.

**b.** This Optional Coverage does not apply to:

**(1)** Personal property of others;

**(2)** Contents of a residence; or

**(3)** Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac.

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Under the terms of this Replacement Cost Optional Coverage, personal property owned indivisibly by all unit-owners, and the property covered under Paragraph **A.1.a.(6)** of this Coverage Form, are not considered to be the personal property of others.

**c.** You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.

**d.** We will not pay on a replacement cost basis for any loss or damage:

**(1)** Until the lost or damaged property is actually repaired or replaced; and

**(2)** Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

**e.** We will not pay more for loss or damage on a replacement cost basis than the least of **(1), (2)** or **(3),** subject to **f.** below:

**(1)** The Limit of Insurance applicable to the lost or damaged property;

**(2)** The cost to replace the lost or damaged property with other property:

**(a)** Of comparable material and quality; and

**(b)** Used for the same purpose; or

**(3)** The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in **e.(2)** above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

**f.** The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

**4. Extension Of Replacement Cost To Personal Property Of Others**

**a.** If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph **3.b.(1)** of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.

**b.** With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

**H. Definitions**

**1.** "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

**2.** "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.

**3.** "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

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# COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

**A. CONCEALMENT, MISREPRESENTATION OR FRAUD**

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

**1.** This Coverage Part;

**2.** The Covered Property;

**3.** Your interest in the Covered Property; or

**4.** A claim under this Coverage Part.

**B. CONTROL OF PROPERTY**

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

**C. INSURANCE UNDER TWO OR MORE COVERAGES**

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

**D. LEGAL ACTION AGAINST US**

No one may bring a legal action against us under this Coverage Part unless:

**1.** There has been full compliance with all of the terms of this Coverage Part; and

**2.** The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

**E. LIBERALIZATION**

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

**F. NO BENEFIT TO BAILEE**

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

**G. OTHER INSURANCE**

**1.** You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.

**2.** If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

**H. POLICY PERIOD, COVERAGE TERRITORY**

Under this Coverage Part:

**1.** We cover loss or damage commencing:

**a.** During the policy period shown in the Declarations; and

**b.** Within the coverage territory.

**2.** The coverage territory is:

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

**b.** Puerto Rico; and

**c.** Canada.

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**I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US**

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

**1.** Prior to a loss to your Covered Property or Covered Income.

**2.** After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:

**a.** Someone insured by this insurance;

**b.** A business firm:

**(1)** Owned or controlled by you; or

**(2)** That owns or controls you; or

**c.** Your tenant.

This will not restrict your insurance.

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# CAUSES OF LOSS – SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section **G.** Definitions.

**A. Covered Causes Of Loss**

When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

**B. Exclusions**

**1.** We will not pay for loss or damage caused directly or indirectly 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.

**a. Ordinance Or Law**

The enforcement of or compliance with any ordinance or law:

**(1)** Regulating the construction, use or repair of any property; or

**(2)** Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

**(a)** An ordinance or law that is enforced even if the property has not been damaged; or

**(b)** The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

**b. Earth Movement**

**(1)** Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;

**(2)** Landslide, including any earth sinking, rising or shifting related to such event;

**(3)** Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

**(4)** Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **b.(1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

**(5)** Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

**(a)** Airborne volcanic blast or airborne shock waves;

**(b)** Ash, dust or particulate matter; or

**(c)** Lava flow.

With respect to coverage for Volcanic Action as set forth in **(5)(a), (5)(b)** and **(5)(c),** all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

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

This exclusion applies regardless of whether any of the above, in Paragraphs **(1)** through **(5),** is caused by an act of nature or is otherwise caused.

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**c. 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 Part.

**d. Nuclear Hazard**

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

**e. Utility Services**

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

**(1)** Originates away from the described premises; or

**(2)** Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

**f. War And Military Action**

**(1)** War, including undeclared or civil war;

**(2)** 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

**(3)** Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**g. Water**

**(1)** Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);

**(2)** Mudslide or mudflow;

**(3)** Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;

**(4)** Water under the ground surface pressing on, or flowing or seeping through:

**(a)** Foundations, walls, floors or paved surfaces;

**(b)** Basements, whether paved or not; or

**(c)** Doors, windows or other openings; or

**(5)** Waterborne material carried or otherwise moved by any of the water referred to in Paragraph **(1), (3)** or **(4),** or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs **(1)** through **(5),** is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

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But if any of the above, in Paragraphs **(1)** through **(5),** results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

**h. "Fungus", Wet Rot, Dry Rot And Bacteria**

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria result in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

**(1)** When "fungus", wet or dry rot or bacteria result from fire or lightning; or

**(2)** To the extent that coverage is provided in the Additional Coverage, Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria, with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions **B.1.a.** through **B.1.h.** 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.** Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

**(1)** Electrical or electronic wire, device, appliance, system or network; or

**(2)** Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

**(a)** Electrical current, including arcing;

**(b)** Electrical charge produced or conducted by a magnetic or electromagnetic field;

**(c)** Pulse of electromagnetic energy; or

**(d)** Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by that fire.

**b.** Delay, loss of use or loss of market.

**c.** Smoke, vapor or gas from agricultural smudging or industrial operations.

**d.(1)** Wear and tear;

**(2)** Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

**(3)** Smog;

**(4)** Settling, cracking, shrinking or expansion;

**(5)** Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

**(6)** Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.

**(7)** The following causes of loss to personal property:

**(a)** Dampness or dryness of atmosphere;

**(b)** Changes in or extremes of temperature; or

**(c)** Marring or scratching.

But if an excluded cause of loss that is listed in **2.d.(1)** through **(7)** results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

**e.** Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

**f.** Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

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**g.** Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

**(1)** You do your best to maintain heat in the building or structure; or

**(2)** You drain the equipment and shut off the supply if the heat is not maintained.

**h.** Dishonest or criminal act (including theft) by you, any of your partners, members, officers, managers, employees (including temporary employees and leased workers), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

**(1)** Applies whether or not an act occurs during your normal hours of operation;

**(2)** Does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.

**i.** Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

**j.** Rain, snow, ice or sleet to personal property in the open.

**k.** Collapse, including any of the following conditions of property or any part of the property:

**(1)** An abrupt falling down or caving in;

**(2)** Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or

**(3)** Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to **(1)** or **(2)** above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, **k.,** does not apply:

**(a)** To the extent that coverage is provided under the Additional Coverage, Collapse; or

**(b)** To collapse caused by one or more of the following:

**(i)** The "specified causes of loss";

**(ii)** Breakage of building glass;

**(iii)** Weight of rain that collects on a roof; or

**(iv)** Weight of people or personal property.

**l.** Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, **l.,** does not apply to damage to glass caused by chemicals applied to the glass.

**m.** Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

**3.** We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a.** through **3.c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

**a.** Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph **1.** above to produce the loss or damage.

**b.** Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

**c.** Faulty, inadequate or defective:

**(1)** Planning, zoning, development, surveying, siting;

**(2)** Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

**(3)** Materials used in repair, construction, renovation or remodeling; or

**(4)** Maintenance;

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of part or all of any property on or off the described premises.

**4. Special Exclusions**

The following provisions apply only to the specified Coverage Forms:

**a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form**

We will not pay for:

**(1)** Any loss caused by or resulting from:

**(a)** Damage or destruction of "finished stock"; or

**(b)** The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

**(2)** Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.

**(3)** Any increase of loss caused by or resulting from:

**(a)** Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

**(b)** Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.

**(4)** Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

**(5)** Any other consequential loss.

**b. Leasehold Interest Coverage Form**

**(1)** Paragraph **B.1.a.,** Ordinance Or Law, does not apply to insurance under this Coverage Form.

**(2)** We will not pay for any loss caused by:

**(a)** Your cancelling the lease;

**(b)** The suspension, lapse or cancellation of any license; or

**(c)** Any other consequential loss.

**c. Legal Liability Coverage Form**

**(1)** The following exclusions do not apply to insurance under this Coverage Form:

**(a)** Paragraph **B.1.a.** Ordinance Or Law;

**(b)** Paragraph **B.1.c.** Governmental Action;

**(c)** Paragraph **B.1.d.** Nuclear Hazard;

**(d)** Paragraph **B.1.e.** Utility Services; and

**(e)** Paragraph **B.1.f.** War And Military Action.

**(2)** The following additional exclusions apply to insurance under this Coverage Form:

**(a) Contractual Liability**

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

**(i)** Your assumption of liability was executed prior to the accident; and

**(ii)** The building is Covered Property under this Coverage Form.

**(b) Nuclear Hazard**

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.


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5. **Additional Exclusion**

The following provisions apply only to the specified property:

**Loss Or Damage To Products**

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

**C. Limitations**

The following limitations apply to all policy forms and endorsements, unless otherwise stated:

**1.** We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

**a.** Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

**b.** Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.

**c.** The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

**(1)** The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

**(2)** The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

**d.** Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

**(1)** Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or

**(2)** Business Income Coverage or Extra Expense Coverage.

**e.** Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

**f.** Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

**g.** Lawns, trees, shrubs or plants which are part of a vegetated roof, caused by or resulting from:

**(1)** Dampness or dryness of atmosphere or of soil supporting the vegetation;

**(2)** Changes in or extremes of temperature;

**(3)** Disease;

**(4)** Frost or hail; or

**(5)** Rain, snow, ice or sleet.

**2.** We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:

**a.** Animals, and then only if they are killed or their destruction is made necessary.

**b.** Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:

**(1)** Glass; or

**(2)** Containers of property held for sale.

**c.** Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.

However, this limitation does not apply:

**(1)** If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or

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**(2)** To Business Income Coverage or to Extra Expense Coverage.

**3.** The special limit shown for each category, **a.** through **d.,** is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are (unless a higher limit is shown in the Declarations):

**a.** $2,500 for furs, fur garments and garments trimmed with fur.

**b.** $2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth $100 or less per item.

**c.** $2,500 for patterns, dies, molds and forms.

**d.** $250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, **C.3.,** does not apply to Business Income Coverage or to Extra Expense Coverage.

**4.** We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire-extinguishing equipment if the damage:

**a.** Results in discharge of any substance from an automatic fire protection system; or

**b.** Is directly caused by freezing.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

**D. Additional Coverage – Collapse**

The coverage provided under this Additional Coverage, Collapse, applies only to an abrupt collapse as described and limited in **D.1.** through **D.7.**

**1.** For the purpose of this Additional Coverage, Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

**2.** We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:

**a.** Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;

**b.** Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;

**c.** Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.

**d.** Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:

**(1)** A cause of loss listed in **2.a.** or **2.b.;**

**(2)** One or more of the "specified causes of loss";

**(3)** Breakage of building glass;

**(4)** Weight of people or personal property; or

**(5)** Weight of rain that collects on a roof.

**3.** This **Additional Coverage – Collapse** does **not** apply to:

**a.** A building or any part of a building that is in danger of falling down or caving in;

**b.** A part of a building that is standing, even if it has separated from another part of the building; or

**c.** A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

**4.** With respect to the following property:

**a.** Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;

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**b.** Awnings, gutters and downspouts;

**c.** Yard fixtures;

**d.** Outdoor swimming pools;

**e.** Fences;

**f.** Piers, wharves and docks;

**g.** Beach or diving platforms or appurtenances;

**h.** Retaining walls; and

**i.** Walks, roadways and other paved surfaces;

if an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.,** we will pay for loss or damage to that property only if:

**(1)** Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and

**(2)** The property is Covered Property under this Coverage Form.

**5.** If personal property abruptly falls down or caves in and such collapse is **not** the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:

**a.** The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.;**

**b.** The personal property which collapses is inside a building; and

**c.** The property which collapses is not of a kind listed in **4.,** regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **5.** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

**6.** This Additional Coverage, Collapse, does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

**7.** This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.

**8.** The term Covered Cause of Loss includes the Additional Coverage, Collapse, as described and limited in **D.1.** through **D.7.**

**E. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria**

**1.** The coverage described in **E.2.** and **E.6.** only applies when the "fungus", wet or dry rot or bacteria are the result of one or more of the following causes that occur during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence:

**a.** A "specified cause of loss" other than fire or lightning; or

**b.** Flood, if the Flood Coverage Endorsement applies to the affected premises.

This Additional Coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.

**2.** We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:

**a.** Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;

**b.** The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and

**c.** The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

**3.** The coverage described under **E.2.** of this Limited Coverage is limited to $15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of $15,000 even if the "fungus", wet or dry rot or bacteria continue to be present or active, or recur, in a later policy period.

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4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

   If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria cause an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph **F.2.** (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss form or under the Additional Coverage, Collapse.

6. The following, **6.a.** or **6.b.,** applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form:

   **a.** If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.

   **b.** If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

**F. Additional Coverage Extensions**

**1. Property In Transit**

This Extension applies only to your personal property to which this form applies.

**a.** You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.

**b.** Loss or damage must be caused by or result from one of the following causes of loss:

**(1)** Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.

**(2)** Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.

**(3)** Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.

**c.** The most we will pay for loss or damage under this Extension is $5,000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

**2. Water Damage, Other Liquids, Powder Or Molten Material Damage**

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

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3. **Glass**

   a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.

   b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

   This Coverage Extension **F.3.** does not increase the Limit of Insurance.

**G. Definitions**

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

   a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

      (1) The cost of filling sinkholes; or

      (2) Sinking or collapse of land into man-made underground cavities.

   b. Falling objects does not include loss or damage to:

      (1) Personal property in the open; or

      (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

   c. Water damage means:

      (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam; and

      (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe caused by wear and tear, when the pipe is located off the described premises and is connected to or is part of a potable water supply system or sanitary sewer system operated by a public or private utility service provider pursuant to authority granted by the state or governmental subdivision where the described premises are located.

      But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion. Therefore, for example, there is no coverage under this policy in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

      To the extent that accidental discharge or leakage of water falls within the criteria set forth in **c.(1)** or **c.(2)** of this definition of "specified causes of loss," such water is not subject to the provisions of the Water Exclusion which preclude coverage for surface water or water under the surface of the ground.

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# PROPERTY ENHANCEMENT ENDORSEMENT
# COMMERCIAL PROPERTY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

**BUILDING AND PERSONAL PROPERTY COVERAGE FORM**
**CAUSES OF LOSS – SPECIAL FORM**
**COMMERCIAL PROPERTY CONDITIONS**

When this endorsement is attached to the policy, insurance under the Building and Personal Property Coverage Form and the Causes of Loss – Special Form is enhanced to provide the coverages described in this endorsement. This coverage is subject to the provisions applicable to the Building and Personal Property Coverage Form, Causes of Loss – Special Form, and the Commercial Property Conditions.

**SCHEDULE**

| **Coverage Enhancements** | **Limits of Insurance Each Location** |
|---|---|
| **Coverage** | |
| Premises Boundary | 1,000 feet |
| **Coverage Extensions** | |
| Newly Acquired or Constructed Property | |
| Buildings | $500,000. at Each Building |
| Business Personal Property | $250,000. at Each Building |
| Personal Property of Others | $ 10,000. at Replacement Cost |
| Employee Tools and Personal Effects | $ 500. per person, max. limit $2,500. |
| Valuable Papers and Records (Other than Electronic Data) | $ 25,000. |
| Property Off-Premises (Including Laptops and Other Electronic Equipment) | $ 25,000. |
| Outdoor Property (Named Perils) | $ 1,000. per tree/shrub, max. limit $25,000. |
| Non-Owned Detached Trailers | $ 10,000. |
| Accounts Receivable | $ 50,000. |
| Fine Arts | $ 25,000. |
| Spoilage | $ 10,000. |
| Property in Transit (Including Laptops and Other Electronic Equipment) | $ 25,000. |
| **Additional Coverages** | |
| Debris Removal | $ 25,000. |
| Pollutant Clean-up and Removal | $ 15,000. |
| Electronic Data | $ 25,000. |
| Interruption of Computer Operations | $ 15,000. |
| Arson Reward | $ 5,000. |
| Water Back-Up and Sump Overflow | $ 25,000. |
| Brands and Labels | $ 25,000. |
| Employee Theft | $ 10,000. |
| Extra Expense | $ 25,000. |
| Business Income From Dependent Properties | $ 10,000. |
| Claims Expenses | $ 10,000. |
| Inventory or Appraisal Cost | $ 5,000. |
| Laptop Computers – Worldwide Coverage | $ 5,000. |
| Money and Securities | |
| Inside | $ 10,000. |
| Outside | $ 5,000. |
| Off Premises Power Failure – Direct Damage | $ 10,000. |
| Ordinance or Law Coverage | |
| Coverage A | Included within Building Limit. |
| Coverages B and C Combined | 25% of Bldg. Limit, $150,000. maximum |
| Outdoor Signs | $ 10,000. |
| Recharging of Fire Extinguishers | $ 5,000. |
| Surge Protection | $ 10,000. |
| Unauthorized Business Card Use | $ 5,000. |
| Forgery or Alteration | $ 10,000. |
| Salespersons Samples | $ 2,500. |


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The following applies to coverages under this endorsement only:

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**Coverage**

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The phrase 'within 100 feet of the described premises' used in Paragraphs **a.(5)(b)**, **b.** and **c.(2)** under **A.1. Covered Property** of the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM** and Paragraph **2.c.(1)** under **C. Limitations** of the **CAUSES OF LOSS – SPECIAL FORM** is replaced by the phrase 'within 1,000 feet of the described premises'.

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**Coverage Extensions**

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Paragraph **A.5. Coverage Extensions** of the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM** is deleted in its entirety and replaced by the following:

**5. Coverage Extensions**

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

If a Coinsurance percentage of 80% or more or, a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

**a. Newly Acquired Or Constructed Property**

**(1) Buildings**

If this policy covers Building, you may extend that insurance to apply to:

**(a)** Your new buildings while being built on the described premises; and

**(b)** Buildings you acquire at locations, other than the described premises, intended for:

**(i)** Similar use as the building described in the Declarations; or

**(ii)** Use as a warehouse.

The most we will pay for loss or damage under this Extension is $500,000 at each building.

**(2) Your Business Personal Property**

**(a)** If this policy covers Your Business Personal Property, you may extend that insurance to apply to:

**(i)** Business personal property, including such property that you newly acquire, at any location you acquire, at any location you acquire other than at fairs, trade shows or exhibitions;

**(ii)** Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or

**(iii)** Business personal property that you newly acquire, located at the described premises.

The most we will pay for loss or damage under this Extension is $250,000 at each building.

**(b)** This Extension does not apply to:

**(i)** Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or

**(ii)** Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

**(3) Period Of Coverage**

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

**(a)** This policy expires;

**(b)** 90 days expire after you acquire or begin construction of that part of the building that would qualify as covered property; or

**(c)** You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

**b. Personal Property Of Others**

**(1)** This insurance is extended to cover personal property of others (not your officers, members, managers,


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employees or partners) in your care, custody or control.

**(2)** The most we will pay for personal property of others in any one loss occurrence is $10,000 at each premises described in the Declarations. Our payment for loss of or damage to Personal Property of Others will only be for the account of the owner of the property.

**(3) Extension Of Replacement Cost To Personal Property Of Others**

**(a)** Replacement Cost coverage is extended to apply to personal property of others.

**(b)** Paragraphs **3.b.(1)** and **4.** under **G. Optional Coverages** of the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM** are deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.

**(c)** With respect to replacement cost on the personal property of others the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

**c. Employee Tools And Personal Effects**

**(1)** You may extend the insurance that applies to Your Business Personal Property to apply to:

Personal effects owned by you, your officers, your partners or members, your managers or your employees. This includes tools owned by your employees that are used in your business while on the premises described in the Declarations.

**(2)** The most we will pay for loss or damage for employee tools and personal effects in any one loss occurrence is $500 per person, subject to a maximum of $2,500 at each premises described in the Declarations. Our payment for loss of or damage to employee tools and personal effects will only be for the account of the owner of the property.

**d. Valuable Papers And Records (Other Than Electronic Data)**

**(1)** You may extend the insurance that applies to Your Business Personal Property to apply to direct physical loss or damage to valuable papers and records that you own, or that are in your care, custody or control, caused by or resulting from a Covered Cause of Loss. This Extension includes the cost to research lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.

**(2)** Coverage under this Extension is limited to the "specified causes of loss" as defined in the **CAUSES OF LOSS – SPECIAL FORM**, and Collapse as set forth in that form.

**(3)** This Extension does not apply to:

**(a)** Property held as samples or for delivery after sale;

**(b)** Property in storage away from the premises shown in the Declarations.

**(4)** Section **B. Exclusions** in the **CAUSES OF LOSS – SPECIAL FORM** does not apply to this Extension, except for:

**(a)** Paragraph **B.1.c.** Governmental Action;

**(b)** Paragraph **B.1.d.** Nuclear Hazard;

**(c)** Paragraph **B.1.f.** War And Military Action;

**(d)** Paragraph **B.2.f.**;

**(e)** Paragraph **B.2.g.**; and

**(f)** Paragraph **B.3.**

**(5)** The most we will pay under this Extension for loss or damage to valuable papers and records in any one occurrence at each described premises is $25,000.

For valuable papers and records not at a described premises, the most we will pay is $5,000 in any one occurrence.

Such amounts are additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and therefore coverage of such costs is not additional insurance.

**e. Property Off–Premises (Including Laptops And Other Electronic Equipment)**

**(1)** You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:


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**(a)** Temporarily at a location you do not own, lease or operate;

**(b)** In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or

**(c)** At any fair, trade show or exhibition.

**(2)** This Extension does not apply to property:

**(a)** In or on a vehicle; or

**(b)** In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.

**(3)** The most we will pay for loss or damage under this Extension is $25,000 in any one occurrence.

**f. Outdoor Property (Named Perils)**

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, retaining walls (other than retaining walls that are a part of a building), radio and television antennas (including satellite dishes), signs (other than signs attached to buildings), trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

**(1)** Fire;

**(2)** Lightning;

**(3)** Explosion;

**(4)** Vandalism;

**(5)** Vehicle Damage;

**(6)** Riot or Civil Commotion; or

**(7)** Aircraft.

The most we will pay for loss or damage under this Extension is $25,000, but not more than $1,000 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

**g. Non-Owned Detached Trailers**

**(1)** You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:

**(a)** The trailer is used in your business;

**(b)** The trailer is in your care, custody or control at the premises described in the Declarations; and

**(c)** You have a contractual responsibility to pay for loss or damage to the trailer.

**(2)** We will not pay for any loss or damage that occurs:

**(a)** While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;

**(b)** During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.

**(3)** The most we will pay for loss or damage under this Extension is $10,000, unless a higher limit is shown in the Declarations.

**(4)** This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

**h. Accounts Receivable**

**(1)** You may extend the insurance that applies to Your Business Personal Property to accounts receivable. We will pay:

**(a)** All amounts due from your customers that you are unable to collect;

**(b)** Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;

**(c)** Collection expenses in excess of your normal collection expenses that are made necessary by "loss"; and

**(d)** Other reasonable expenses that you incur to re-establish your records of accounts receivable;

that result from direct physical loss or damage by any Covered Cause of Loss to your records of accounts receivable.

**(2)** The most we will pay under this Extension for loss or damage in any one occurrence at each described


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"premises" is $50,000.

**(3)** Section **B. Exclusions** in the **CAUSES OF LOSS – SPECIAL FORM** does not apply to this Extension, except for:

**(a)** Paragraph **B.1.c.** Governmental Action;

**(b)** Paragraph **B.1.d.** Nuclear Hazard;

**(c)** Paragraph **B.1.f.** War And Military Action;

**(d)** Paragraph **B.2.f.**;

**(e)** Paragraph **B.2.g.**; and

**(f)** Paragraph **B.3.**

**(4)** The following additional exclusion applies to this Extension:

We will not pay for:

**(a)** Loss or damage caused by or resulting from alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of "money," "securities" or other property.

This exclusion applies only to the extent of the wrongful giving, taking or withholding.

**(b)** Loss or damage caused by or resulting from bookkeeping, accounting or billing errors or omissions.

**(c)** Any loss or damage that requires any audit of records or any inventory computation to prove its factual existence.

**i. Fine Arts**

**(1)** You may extend the insurance that applies to Your Business Personal Property to cover "fine arts" owned by you and located on the premises described in the Declarations

**(2)** In addition to the exclusions in **CAUSES OF LOSS – SPECIAL FORM** we will not pay for loss or damage caused by or resulting from repairing, restoration, or retouching processes.

**(3)** In the event of loss or damage, we will pay the actual cash value of the item. The actual cash value will be the price you paid for the item, or the value as determined by an appraisal of the item not more than 360 days prior to the date of loss or damage. In no event will the actual cash value exceed the amount necessary to repair or replace the item with substantially like property.

**(4)** The most we will pay for "fine arts" at any premises described in the Declarations is $25,000.

**j. Spoilage**

You may extend the insurance that applies to Your Business Personal Property to cover spoilage.

**(1) Covered Property**

Covered Property means "perishable stock" at the described premises owned by you or by others that is in your care, custody or control.

**(2) Property Not Covered**

The following is added to Paragraph **A.2. Property Not Covered** of the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM:**

**r. Property located:**

**(1)** On buildings;

**(2)** In the open; or

**(3)** In vehicles.

**(3) Covered Causes of Loss**

Covered Causes of Loss means the following:

**(a)** Contamination by the refrigerant.

**(b)** Power Outage, meaning change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off the described premises, due to conditions beyond your control.

**(4) Coverage Extensions**

Paragraph **A.5. Coverage Extensions** of the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM** does not apply.

**(5) Exclusions**

**(a)** Only the following exclusions contained in Paragraph **B.1.** of the **CAUSES OF LOSS – SPECIAL FORM** apply to Spoilage Coverage:

**(i)** **B.1.b**. Earth Movement;


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**(ii)** **B.1.c.** Governmental Action;

**(iii)** **B.1.d.** Nuclear Hazard;

**(iv)** **B.1.f.** War and Military Action; and

**(v)** **B.1.g.** Water

**(b)** The following exclusions are added:

We will not pay for loss or damage caused by or resulting from:

**(i)** The disconnection of any refrigerating, cooling or humidity control system from the source of power;

**(ii)** The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current;

**(iii)** The inability of an electrical utility company or other power source to provide sufficient power due to:

**a)** Lack of fuel; or

**b)** Governmental order;

**(iv)** The inability of a power source at the described premises to provide sufficient power due to lack of generating capacity to meet demand; and

**(v)** Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

**(6) Limit of Liability**

The most we will pay for spoilage under this Extension is $10,000 in any one loss at the designated premises described in the Declarations.

**k. Property In Transit (Including Laptops And Other Electronic Equipment)**

**F.1.** under **Additional Coverage Extensions** of the **CAUSES OF LOSS – SPECIAL FORM** is deleted and replaced with the following:

**1. Property In Transit (Including Laptops And Other Electronic Equipment)**

This Extension applies only to your personal property to which this form applies.

**a.** You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 1,000 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.

**b.** Loss or damage must be caused by or result from one the following causes of loss:

**(a)** Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.

**(b)** Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the road bed.

**(c)** Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.

**c.** The most we will pay for loss or damage under this Extension is $25,000.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

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**Additional Coverages**

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The following are Additional Coverages. The Additional Condition, Coinsurance, does not apply to these coverages.

**A. Debris Removal**

**A.4.a.** of the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM** is deleted and replaced as follows:

**a. Debris Removal**

**(1)** Subject to Paragraphs **(3)** and **(4),** we will pay your expense 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)** Debris Removal does not apply to costs to:

**(a)** Extract "pollutants" from land or water; or

**(b)** Remove, restore or replace polluted land or water.

**(3)** Subject to the exceptions in Paragraph **(4),** the following provisions apply:


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**(a)** The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.

**(b)** Subject to **(a)** above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

**(4)** We will pay up to an additional $25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

**(a)** The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.

**(b)** The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if **(4)(a)** and/or **(4)(b)** apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus $25,000.

**(5) Examples**

**Example #1**

| | |
|---|---|
| Limit of Insurance | $ 90,000 |
| Amount of Deductible | $ 500 |
| Amount of Loss | $ 50,000 |
| Amount of Loss Payable | $ 49,500 |
| | ($50,000 – $500) |
| Debris Removal Expense | $ 10,000 |
| Debris Removal Expense Payable | $ 10,000 |
| ($10,000 is 20% of $50,000) | |

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense ($49,500 + $10,000 = $59,500) is less than the Limit of Insurance. Therefore, the full amount of debris removal expense is payable in accordance with the terms of Paragraph **(3)**.

**Example #2**

| | |
|---|---|
| Limit of Insurance | $ 90,000 |
| Amount of Deductible | $ 500 |
| Amount of Loss | $ 80,000 |
| Amount of Loss Payable | $ 79,500 |
| | ($80,000 – $500) |
| Debris Removal Expense | $ 35,500 |
| Debris Removal Expense Payable | |
| Basic Amount | $ 10,500 |
| Additional Amount | $ 25,000 |

The basic amount payable for debris removal expense under the terms of Paragraph **(3)** is calculated as follows: $80,000 ($79,500 + $500) x .25 = $20,000; capped at $10,500). The cap applies because the sum of the loss payable ($79,500) and the basic amount payable for debris removal expense ($10,500) cannot exceed the Limit of Insurance ($90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph **(4)**, because the debris removal expense ($35,500) exceeds 25% of the loss payable plus the deductible ($35,500 is 44.375% of $80,000), and because the sum of the loss payable and debris removal expense ($79,500 + $35,500 = $115,000) would exceed the Limit of Insurance ($90,000). The additional amount of covered debris removal expense is $25,000, the maximum payable under Paragraph **(4)**. Thus the total payable for debris removal expense in this example is $35,500.

**B. Pollutant Clean-up And Removal**

**A.4.d.** of the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM** is deleted and replaced as follows:


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**d. 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 for each described premises is $15,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

**C. Electronic Data**

**A.4.f.** of the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM** is deleted and replaced as follows:

**f. Electronic Data**

**(1)** Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data.

**(2)** Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data, which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.

**(3)** In addition to the "specified causes of loss" as defined in the **CAUSES OF LOSS – SPECIAL FORM**, and Collapse as set forth in that form, the following are covered causes of loss:

**(a)** A virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

**(b)** Changes in your electrical power supply, including interruption, power surge, blackout or brownout, if the cause of such event originates 100 feet or less from any premises described in the Declarations;

**(c)** Dishonest acts committed by your employees acting alone or in collusion with other persons, except you or your partners, directors or trustees, but theft by employees is not covered;

**(d)** Dampness or dryness of atmosphere or changes in or extremes of temperature;

**(e)** Floods, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not; and

**(f)** Earth movement, such as an earthquake, landslide or earth sinking, rising or shifting.

**(4)** The most we will pay under this **Additional Coverage – Electronic Data** is $25,000 for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved.

**D. Interruption Of Computer Operations**

We will pay your necessary "Extra Expense" to continue normal operations caused by an interruption in computer operations due to destruction or corruption of your electronic data due to a Covered Cause of Loss.

We will also pay for your actual "Business Income" if you must close all or part of your business due to destruction or corruption of your electronic data due to a Covered Cause of Loss.

The most we will pay under this coverage is $15,000 for any one occurrence.

Under this **Additional Coverage – Interruption Of Computer Operations**, electronic data has the meaning set forth in Paragraph **2. Additional Limitation – Interruption of Computer Operations** included in **Additional Coverage - Extra Expense** of this form.

**E. Arson Reward**

We will reimburse you for an arson reward that you give to someone who discloses information that leads to the conviction of a person or persons for arson at the premises described in the Declarations.

The most we will pay under this coverage is $5,000 each occurrence.

**F. Water Back-Up And Sump Overflow**

**1.** We will pay for direct physical loss or damage to Covered Property caused by or resulting from:

**a.** Water which backs up through or overflows from a sewer or drain; or


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**b.** Water which overflows from a sump, even if the overflow results from mechanical breakdown of a sump pump or its related equipment.

However, with respect to Paragraph **b.** above, we will not pay the cost of repairing or replacing a sump pump or its related equipment in the event of mechanical breakdown.

**2.** The coverage described in Paragraph **1.** above does not apply to loss or damage resulting from an insured's failure to:

**a.** Keep a sump pump or its related equipment in proper working condition; or

**b.** Perform the routine maintenance or repair necessary to keep a sewer or drain free from obstructions.

**3.** The most we will pay under this coverage is $25,000 each occurrence.

**4.** With respect to the coverage provided in this **Additional Coverage – Water Back-Up And Sump Overflow**, Paragraph **3.** of the **Water Exclusion** included in this Policy does not apply.

**G. Brands And Labels**

If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause of Loss, we may take all or part of the property at an agreed or appraised value. If so, you may:

**1.** Stamp the word 'Salvage' on the merchandise or its containers, if the stamp will not physically damage the merchandise; or

**2.** Remove the brands and labels, if doing so will not physically damage the merchandise or its containers to comply with the law.

We will pay reasonable costs you incur to perform the activity described in Paragraphs **1.** and **2.** above. The most we will pay for these costs and the value of the damaged property under this Additional Coverage is $25,000.

Payments under this Additional Coverage are subject to and not in addition to the Limits of Insurance.

**H. Employee Theft**

**1.** We will pay for direct loss of or damage to Your Business Personal Property and your "money" and "securities" resulting from "theft" committed by any of your "employees" acting alone or in collusion with other persons (except you or your partners, members or managers) with the manifest intent to:

**a.** Cause you to sustain loss or damage; and also

**b.** Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:

**(1)** Any "employee"; or

**(2)** Any other person or organization.

**2.** We will not pay for loss or damage:

**a.** Resulting from any dishonest or criminal act that you or any of your partners, members, officers, "managers," directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose commit, whether acting alone or in collusion with other persons; or

**b.** The only proof of which as to its existence or amount is one or both of the following:

**(1)** An inventory computation; or

**(2)** A profit and loss computation.

**3.** The most we will pay under this Additional Coverage for loss or damage in any one occurrence is $10,000.

**4.** All loss or damage:

**a.** Caused by one or more "employees"; and

**b.** Involving a single act or series of related acts;

is considered one occurrence.

**5.** We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

**6.** This Additional Coverage does not apply to loss caused by an "employee" after discovery by:

**a.** You; or

**b.** Any of your partners, officers or directors, or members or "managers" not in collusion with the "employee";

of any "theft" or any other dishonest act committed by that "employee" before or after being hired by you.

**7. Extended Period To Discover Loss**

**a.** We will pay for loss that you sustained prior to the effective date of termination or cancellation of this policy, which is discovered by you no later than one year from the date of that termination or cancellation.


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**b.** However, this extended period to discover loss terminates immediately upon the effective date of any other insurance obtained by you replacing in whole or in part the insurance afforded by this policy, whether or not such other insurance provides coverage for loss sustained prior to its effective date.

**8.** If you discover a loss or damage during the policy period that you (or any predecessor in interest) sustained during the period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Additional Coverage, provided:

**a.** This Additional Coverage became effective at the time of cancellation or termination of the prior insurance; and

**b.** The loss or damage would have been covered by this Additional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.

**9.** The insurance under Paragraph **8.** above is provided within, and not in addition to, the Limit of Insurance applying to this Additional Coverage and is limited to the lesser of the amount recoverable under:

**a.** This Additional Coverage as of its effective date; or

**b.** The prior insurance, had it remained in effect.

**10.** None of the exclusions in Section **B. Exclusions** of the **CAUSES OF LOSS – SPECIAL FORM** apply to Employee Theft Coverage provided under this endorsement except:

**a. B.1.c. Governmental Action;**

**b. B.1.d. Nuclear Hazard;** and

**c. B.1.f. War And Military Action.**

**11.** We will not pay for loss as specified below:

**a. Acts Committed by You or Your Partners**

Loss resulting from any dishonest or criminal act committed by your or any of your partners whether acting alone or in collusion with other persons.

**b. Indirect Loss**

Loss that is an indirect result of any act or occurrence covered by this insurance including, but not limited to, loss resulting from:

**(1)** Your inability to realize income that you would have realized had there been no loss of, or loss from damage to "money" and "securities."

**(2)** Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this Additional Coverage.

**(3)** Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this Additional Coverage.

**c. Legal Expenses**

Expenses related to any legal action.

**12. Ownership Of Property; Interests Covered**

The property covered under this Additional Coverage is limited to property:

**a**. That you own or lease;

**b.** That you hold for others; or

**c.** For which you are legally liable, except for property inside the premises of a "client" of yours.

However, this coverage is for your benefit only. It provides no rights or benefits to any other person or organization. Any claim for loss that is covered under this coverage must be presented by you.

**13. Valuation – Settlement**

Subject to the Limit of Insurance, we will pay for:

**a.** Loss of "money" but only up to and including its face value. We may, at our option, pay for loss of "money" issued by any country other than the United States of America:

**(1)** At face value in the "money" issued by that country; or

**(2)** In the United States of America dollar equivalent determined by the rate of exchange published in The Wall Street Journal on the day the loss was discovered.

**b.** Loss of "securities" but only up to and including their value at the close of business on the day that loss was discovered. We may, at our option:

**(1)** Pay the value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities";

**(2)** Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities."


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However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

**(a)** Value of the "securities" at the close of business on the day the loss was discovered; or

**(b)** Limit of Insurance.

**I. Extra Expense**

**1. Coverage**

**a.** We will pay the actual and necessary "Extra Expense" you sustain due to direct physical cause of loss of or damage to property at the premises described in the Declarations, including personal property in the open (or in a vehicle) within 1,000 feet, caused by or resulting from any Covered Cause of Loss.

**b.** We will pay for the actual and necessary "Extra Expense" you incur caused by action of civil authority that prohibits access to the premises described in the Declarations due to direct physical loss of or damage to property, other than at the premises described in the Declarations, caused by or resulting from any Covered Cause of Loss. This coverage will apply for a period of up to two consecutive weeks from the date of that action.

**c.** We will also pay "Extra Expense" to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this form.

**2. Additional Limitation – Interruption of Computer Operations**

Coverage for "Extra Expense" does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the **Additional Coverage – Interruption Of Computer Operations**.

Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

**3. Limit**

The most we will pay for loss under this coverage in any one occurrence is $25,000.

**J. Business Income From Dependent Properties**

**1.** We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the coverage period. The "suspension" must be caused by direct physical loss of or damage at the premises of a dependent property caused by or resulting from a Covered Cause of Loss.

However, this Additional Coverage does not apply when the only loss to dependent property is loss or damage to electronic data, including destruction or corruption of electronic data. If the dependent property sustains loss or damage to electronic data and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced. Electronic data has the meaning set forth in Paragraph **2. Additional Limitation – Interruption of Computer Operations** included in **Additional Coverage – Extra Expense** of this form.

The most we will pay under this Additional Coverage is $10,000 in any one occurrence.

**2.** We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations," in whole or in part, by using any other available:

**a.** Source of materials; or

**b.** Outlet for your products.

**3.** If you do not resume "operations," or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

**4.** Business Income, as it pertains to this **Additional Coverage – Business Income From Dependent Properties**, means:

**a.** Net income (net profit or loss before income taxes) that would have been earned or incurred if no physical loss or damage had occurred, but not including any net income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss; and

**b.** Continuing normal operating expenses incurred, including ordinary payroll.

**5.** Dependent property means property operated by others whom you depend on to:


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**a.** Deliver materials or services to you, or to others for your account. But services does not mean water, communication or power supply services;

**b.** Accept your products or services;

**c.** Manufacture your products for delivery to your customers under contract for sale; or

**d.** Attract customers to your business.

The dependent property must be located in the coverage territory of this policy.

**6.** The coverage period for Business Income under this Additional Coverage:

**a.** Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the premises of the dependent property; and

**b.** Ends on the date when the property at the premises of the dependent property should be repaired, rebuilt or replaced with reasonable speed and similar quality.

**7.** The Business Income coverage period, as stated in Paragraph **6.**, does not include any increased period required due to the enforcement of any ordinance or law that:

**a.** Regulates the construction, use or repair, or requires the tearing down, of any property; or

**b.** Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants."

The expiration date of this policy will not reduce the Business Income coverage period.

**K. Claims Expenses**

In the event of covered loss or physical damage we will pay up to $10,000 in any one occurrence as an additional Limit of Insurance to cover reasonable expenses incurred by you at our specific request to assist us in:

**1.** The investigation of a claim or suit; or

**2.** The determination of the amount of loss, such as taking inventory, or auditing business records.

**L. Inventory Or Appraisal Cost**

We will pay up to $5,000 each occurrence for the cost of any inventory or appraisal required as a result of direct physical loss or damage to covered property caused by or resulting from a Covered Cause of Loss.

**M. Laptop Computers – Worldwide Coverage**

We will pay up to $5,000 in any one occurrence for direct physical loss or damage to your laptop, palmtop and similar portable computer equipment, cell phones, personal digital assistants (PDAs) and accessories anywhere in the world, including while in transit.

Limitation: We will not pay for direct physical loss or damage caused by, resulting from, arising out of the theft of this property which is in transit as checked baggage.

**N. Money And Securities**

**1.** We will pay for loss of "money" and "securities" used in your business caused by "theft," disappearance or destruction. The most we will pay for loss in any one "occurrence" under this coverage is:

**a.** $10,000 for "money" and "securities" while inside the "premises" or a "banking premises."

**b.** $5,000 for "money" and "securities" while in the care and custody of a "messenger."

**2. Additional Exclusions Applicable to Money And Securities**

We will not pay for loss as specified below:

**a.** Loss resulting from accounting or arithmetical errors or omissions;

**b.** Loss resulting from the giving or surrendering of property in any exchange or purchase.

**c.** Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

**d.** Loss resulting from any dishonest or criminal act committed by any of your "employees," directors, trustees or authorized representatives:

**(1)** Acting alone or in collusion with other persons; or

**(2)** While performing services for you or otherwise.

**e.** Loss of property after it has been transferred or surrendered to a person or place outside the "premises" or "banking premises."

**(1)** On the basis of unauthorized instructions; or

**(2)** As a result of a threat to do:

**(a)** Bodily harm to any person; or


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**(b)** Damage to any property.

**(3)** But, this exclusion does not apply to loss of "money" and "securities" while outside the "premises" or "banking premises" in the care and custody of a "messenger" if you:

**(a)** Had no knowledge of any threat at the time the conveyance began; or

**(b)** Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

**f.** Loss resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.

**3. Additional Conditions**

**a.** The reference to "money" and "securities" in Subparagraph **A.2.a. Property Not Covered** of the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM** does not apply to the coverage provided by this form.

**b.** You must keep records of all "money" and "securities" so we can verify the amount of loss or damage.

**O. Off Premises Power Failure – Direct Damage**

**1.** With respect to coverage provided in this **Additional Coverage – Off Premises Power Failure – Direct Damage**, Exclusion **B.1.e**. of the **CAUSES OF LOSS – SPECIAL FORM** is deleted in its entirety and replaced as follows:

**e. Utility Services**

The failure of utility service (other than Power Supply Service) supplied to the described premises, however caused, if the failure occurs away from the described premises. Failure includes lack of sufficient capacity and reduction in supply.

But if the failure of utility service results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion does not apply to the Business Income coverage or to Extra Expense coverage. Instead, the Special Exclusion in Paragraph **B.4.a.(1)** applies to these coverages.

**2.** The following Additional Coverage is added:

**Off Premises Power Failure – Direct Damage**

**a.** We will pay for loss of or damage to Covered Property caused by an interruption in Power Supply Service to the described premises. The interruption in Power Supply Service must result from direct physical loss or damage by a Covered Cause of Loss to property that is located off the described premises.

**b.** Coverage under this Additional Coverage does not apply to loss or damage to electronic data, including destruction or corruption of electronic data. The term electronic data has the meaning set forth in Paragraph **A.2.n.** of the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**.

**c.** Power Supply Service means the following types of property supplying electricity, steam or gas to the described premises:

**(1)** Utility generating plants;

**(2)** Switching stations;

**(3)** Substations;

**(4)** Transformers; and

**(5)** Transmission lines, including overhead transmission lines.

**d.** The most we will pay for any one occurrence is $10,000.

**P. Ordinance Or Law Coverage**

Exclusion **B.1.a. Ordinance Or Law** of the **CAUSES OF LOSS – SPECIAL FORM** is deleted and the following coverage applies:

**1.** Ordinance or Law Coverage applies only if the following is satisfied.

**a.** The ordinance or law:

**(1)** Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and

**(2)** Is in force at the time of loss.

But coverage under this endorsement applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this endorsement.

**b. (1)** The building sustains direct physical damage that is covered under this policy and such damage results in enforcement of the ordinance or law; or


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**(2)** The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law.

**(3)** But if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this additional coverage even if the building has also sustained covered direct physical damage.

**c.** In the situation described in **1.b.(2)** above, we will not pay the full amount of loss otherwise payable under the terms of **Coverage A** and/or **Coverage B and C Combined** of this additional coverage. Instead, we will pay a proportion of such loss; meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

However, if the covered direct physical damage, alone, would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of **Coverages A** and/or **B and C Combined** of this endorsement.

**2.** Under this coverage, we will not pay for loss due to any ordinance or law that:

**a.** You were required to comply with before the loss, even if the building was undamaged; and

**b.** You failed to comply with.

**3.** Under this coverage, we will not pay for:

**a.** Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus," wet or dry rot or bacteria; or

**b.** The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants," "fungus," wet or dry rot or bacteria.

**4. Coverage A: Coverage for Loss to the Undamaged Portion of the Building**

**a.** If a Covered Cause of Loss occurs to covered building property at the premises described in the Declarations, we will pay for the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building.

**b.** **Coverage A** is included within the Limit of Insurance applicable to the covered building property at the premises described in the Declarations. **Coverage A** does not increase the Limit of Insurance.

**c.** Loss will be determined as follows:

**(1)** If the Replacement Cost Coverage Option applies and the property is repaired or replaced, on the same premises or another premises, we will not pay more than the lesser of:

**(a)** The amount you actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or

**(b)** The Limit of Insurance shown in the Declarations as applicable to the covered building property.

**(2)** If the Replacement Cost Coverage Option applies and the property is **not** repaired or replaced, or if the Replacement Cost Coverage Option does **not** apply, we will not pay more than the lesser of:

**(a)** The actual cash value of the building at the time of loss; or

**(b)** The Limit of Insurance shown in the Declarations as applicable to the covered building property.

**5. Coverages B: Demolition Cost and C: Increased Cost of Construction (Combined)**

If a Covered Cause of Loss occurs to covered building property, we will pay up to 25 percent (25%) of the Limit of Insurance applicable to building property at the premises described in the Declarations, subject to a maximum limit of $150,000, for the total of all covered losses (combined) for Demolition Cost and Increased Cost of Construction. Subject to these limits of coverage, the following conditions will apply:

**a. Demolition Cost**

**(1)** With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property.

**(2)** The Coinsurance Additional Condition does not apply to Demolition Cost.

**(3)** We will not pay more than the amount you actually spend to demolish and clear the site of the premises described in the Declarations.


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**b. Increased Cost of Construction**

**(1)** With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

**(a)** Repair or reconstruct damaged portions of that building property; and/or

**(b)** Reconstruct or remodel undamaged portions of that building property, whether or not demolition is required;

when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

However:

**(a)** This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.

**(b)** We will not pay for increased cost of construction if the building is not repaired, reconstructed or remodeled.

The Coinsurance Additional Condition does not apply to Increased Cost of Construction**.**

**(2)** When covered building property is damaged or destroyed by a Covered Cause of Loss and Increased Cost of Construction applies to that property in accordance with **b.(1)** above, coverage for the Increased Cost of Construction also applies to repair or reconstruction of the following, subject to the same conditions stated in **b.(1)**:

**(a)** The cost of excavations, grading, backfilling and filling;

**(b)** Foundation of the building;

**(c)** Pilings; and

**(d)** Underground pipes, flues and drains.

The items listed in **(2)(a)** through **(2)(d)** above are deleted from Property Not Covered, but only with respect to the coverage described in this provision **5.b.**

**(3)** Loss Payment will be determined as follows:

**(a)** We will not pay:

**(i)** Until the property is actually repaired or replaced, at the same or another premises; and

**(ii)** Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

**(b)** If the building is repaired or replaced at the same premises, or you elect to rebuild at another premises, the most we will pay is the increased cost of construction at the same premises.

**Q. Outdoor Signs**

**1.** We will pay for direct physical loss of or damage to all Outdoor Signs at the premises described in the Declarations:

**a.** owned by you; or

**b.** owned by others but in your care, custody or control.

**2.** None of the exclusions in Section **B. Exclusions** of the **CAUSES OF LOSS – SPECIAL FORM** apply to Outdoor Signs provided under this coverage except:

**a. B.1.c.** Governmental Action;

**b. B.1.d.** Nuclear Hazard; and

**c. B.1.f.** War and Military Action.

**3.** We will not pay for loss or damage caused by or resulting from:

**a.** wear and tear;

**b.** hidden or latent defect;

**c.** rust;

**d.** corrosion; or

**e.** mechanical breakdown.

The most we will pay for loss of or damage in any one occurrence is $10,000.


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**R. Recharging Of Fire Extinguishers**

We will pay for expenses you incur for the recharging of Fire Extinguishers made necessary by the fighting of a fire at the premises described in the Declarations or adjacent to such property.

The most we will pay for any one occurrence is $5,000.

**S. Surge Protection**

Exclusion **B.2.a.** of the **CAUSES OF LOSS – SPECIAL FORM** is deleted in its entirety and replaced by the following:

**a.** Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires.

But if loss or damage results from electrical surge, we will pay for loss or damage subject to a maximum limit of $10,000, applying to each location designated in the Declarations.

But if loss or damage by fire results, we will pay for that resulting loss or damage.

**T. Unauthorized Business Card Use**

We will pay for the loss of "money" resulting from theft, forgery or unauthorized use of credit, debit or charge cards issued in the business name to you, your partners or officers, including:

**1.** Fund transfer cards;
**2.** Charge plates; and
**3.** Telephone cards.

The most we will pay under this Additional Coverage during each 12 month period of this policy (including any extension of less than one year), is $5,000.

We will not pay for loss resulting from the use of any credit, debit or charge card if not customarily used in your business.

**U. Forgery Or Alteration**

**1.** We will pay for loss resulting directly from "forgery" or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are:

**(a)** Made or drawn by or drawn upon you; or

**(b)** Made or drawn by one acting as your agent;

or that are purported to have been so made or drawn.

For the purposes of this Insuring Agreement, a substitute check as defined in the Check Clearing for the 21st Century Act shall be treated the same as the original it replaced.

**2.** If you are sued for refusing to pay any instrument covered in Paragraph **1.** above**,** on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense.

**3.** The most we will pay for any loss in any one "occurrence" including legal expenses is $10,000.

**V. Salespersons Samples**

**1.** We will pay for loss of or damage to Covered Property from a Covered Cause of Loss to samples (including their containers) of your stock in trade that are:

**(a)** Owned by you; or

**(b)** The property of others for which you are legally liable; but

**2.** Only while such property is:

**(a)** In the custody of your salespersons or authorized sales representatives;

**(b)** In your custody, if you are an individual, while you are acting as a salesperson; or

**(c)** In due course of transit to or from your premises and your salespersons or authorized sales representatives.

**3. Additional Exclusion Applicable to Salespersons Samples**

We will not pay for loss as specified below:

Theft from an 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.

**4.** The most we will pay under this coverage is $2,500 in any one occurrence.

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**Additional Conditions**

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**A. Insurance Under Two Or More Coverages**

The following is added to Paragraph **C. Insurance under Two or More Coverages** of the **COMMERCIAL**


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**PROPERTY CONDITIONS:**

If a Coverage Form is attached to this policy that provides a limit for any coverage provided by this endorsement, the limit shown in the **SCHEDULE** and the coverage provided by this endorsement are deleted and replaced by the limit and coverage provided by the Coverage Form.

**B. Limits Of Insurance**

The following is added to Paragraph **C. Limits of Insurance** of the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM:**

Regardless of the number of buildings at a location covered by this endorsement, the most we will pay under this Coverage Enhancement endorsement in any one occurrence is the applicable Limits of Insurance shown in the **SCHEDULE** on page 1 of this endorsement.

**C. Deductibles**

The Deductible described in section **D.** of the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM** applies to each of the Coverage Enhancements except as shown below:

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds $500. We will then pay the amount of loss or damage in excess of $500 up to the applicable Limit of Insurance for the following enhancements:

**1.** Personal Property of Others
**2.** Employee Tools and Personal Effects
**3.** Valuable Papers and Records (Other than Electronic Data)
**4.** Property Off-Premises (Including Laptops and Other Electronic Equipment)
**5.** Outdoor Property (Named Perils)
**6.** Accounts Receivable
**7.** Property in Transit (Including Laptops and Other Electronic Equipment)
**8.** Fine Arts
**9.** Electronic Data
**10.** Water Back-Up and Sump Overflow
**11.** Employee Theft
**12.** Laptop Computers – Worldwide Coverage
**13.** Money and Securities
**14.** Forgery or Alteration

No deductible provisions apply to the following enhancements:

**1.** Arson Reward
**2.** Claims Expenses
**3.** Inventory or Appraisal Cost
**4.** Recharging of Fire Extinguishers

**D. Additional Definitions**

The following **Additional Definitions** apply to this endorsement only:

**1.** **"Banking Premises"** means the interior of that portion of any building occupied by a banking institution or similar safe depository.

**2.** **"Business Income"** means the:

**a.** Net income (Net Profit or Loss before income taxes) that would have been earned had no loss occurred; and

**b.** Continuing normal operating expenses incurred, including payroll.

**3.** **"Client"** as used in **Employee Theft** Coverage means any entity for whom you perform services under a written agreement.

**4.** **"Employee"** as used in **Employee Theft** and **Money And Securities** Coverages means:

**a.** **"Employee"** means:

**(1)** Any natural person:

**(a)** While in your service or for 30 days after termination of service;

**(b)** Who you compensate directly by salary, wages or commissions; and

**(c)** Who you have the right to direct and control while performing services for you;

**(2)** Any natural person who is furnished temporarily to you:

**(a)** To substitute for a permanent **"employee"** as defined in Paragraph **(1)** above, who is on leave; or


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**(b)** To meet seasonal or short-term work load conditions;

while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the **"premises"**;

**(3)** Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph **(2)** above;

**(4)** Any natural person who is your director or trustee while that person is handling **"money"** or **"securities."**

**(5)** Any natural person who is a former **"employee,"** director, partner, member (an owner of a limited liability company represented by its membership interest, who also may serve as a manager), manager (a person serving in a directorial capacity for a limited liability company), representative or trustee retained as a consultant while performing services for you; or

**(6)** Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of **"money"** or **"securities"** outside the **"premises."**

**b.** **"Employee"** does not mean:

**(1)** Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or

**(2)** Any manager (a person serving in a directorial capacity for a limited liability company), director or trustee except while performing acts coming within the scope of the usual duties of an **"employee."**

**5.** **"Extra Expense"** means necessary expenses you incur during the **"period of restoration"** that you would not have incurred if there had been no direct physical loss or damage to property. Coverage pertains to expenses (other than the expense to repair or replace property) which are incurred to

**a.** Avoid or minimize the **"suspension"** of business and to continue **"operations"** at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

**b.** Minimize the **"suspension"** of business if you cannot continue **"operations."**

**6.** **"Fine Arts"** means paintings, etchings, pictures, tapestries, art glass windows, valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, manuscripts, porcelains, rare glass, bric–a–brac, and similar property of rarity, historical value or artistic merit.

**7.** **"Forgery"** means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.

**8.** **"Loss"** as used in the **Accounts Receivable** Extension means accidental loss or damage.

**9.** **"Manager"** as used in **Employee Theft** Coverage means a person serving in a directorial capacity for a limited liability company.

**10.** **"Media"** as used in **"Computer"** Definition means electronic data processing, recording or storage media such as software, films, tapes, discs, drums, cartridges or cells.

**11.** **"Messenger"** means you, any of your partners or any employee while having care and custody of the property outside the **"premises."**

**12.** **"Money"** means:

**a.** Currency, coins and bank notes whether or not in current use; and

**b.** Travelers checks, register checks and money orders held for sale to the public.

**13.** **"Occurrence"** as used in the **Forgery Or Alteration** Coverage means all loss caused by any person or in which that person is involved, whether the loss involves one or more instruments.

**14.** **"Occurrence"** as used in the **Money And Securities** Coverage means an act or series of related acts involving one or more persons; or an act or event, or a series of related acts or events not involving any person.

**15.** **"Operations"** as used in the **Extra Expense** and **Business Income From Dependent Properties** Coverages and **"Extra Expense"** Definition means your business activities occurring at the address shown in the Declaration that you occupy for your business.

**16.** **"Period of Restoration"** as used in the **"Extra Expense"** Definition means the period of time that:

**a.** Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

**b.** Ends on the earlier of:

**(1)** The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or


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**(2)** The date when business is resumed at a new permanent location.

**"Period of Restoration"** does not include any increased period required due to the enforcement of any ordinance of law that:

**(1)** Regulates the construction, use or repair, or requires the tearing down of any property; or

**(2)** Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of **"pollutants."**

The expiration date of this policy will not cut short the **"period of restoration."**

**17.** **"Perishable Stock"** means personal property:

**a.** Maintained under controlled conditions for its preservation; and

**b.** Susceptible to loss or damage if the controlled conditions change.

**18.** **"Pollutants"** as used in the **Business Income From Dependent Properties** Coverage and the **"Period of Restoration"** Definition 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.

**19.** **"Premises"** as used in the **Money And Securities** Coverage and **"Employee"** and **"Messenger"** Definitions means the interior of that portion of any building you occupy in conducting your business.

**20.** **"Premises"** as used in the **Accounts Receivable** Extension means that interior of the building at the address shown in the Declarations that you occupy for your business.

**21.** **"Securities"** means negotiable and non-negotiable instruments or contracts representing either **"money"** or other property and include:

**a.** Tokens, tickets, revenue and other stamps whether or not in current use; and

**b.** Evidences of debt issued in connection with credit or charge cards, which are not of your own issue but does not include **"money."**

**22.** **"Suspension"** means the slowdown or cessation of your business activities.

**23.** **"Theft"** as used in the **Employee Theft** and **Money And Securities** Coverages means the unlawful taking of **"money"** or **"securities"** to the deprivation of the insured.

All Other Conditions of this Policy apply.


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

# EXCLUSION OF COVERAGE SUBJECT TO AMENDED LIMITS

This endorsement modifies insurance provided under the following:

COMMERCIAL UMBRELLA LIABILITY POLICY

The following is added to paragraph **2.** Exclusions of **COVERAGE A - EXCESS LIABILITY COVERAGE (Section 1):**

**9.** This insurance does not apply to "injury" for which coverage is provided by an endorsement to an "underlying policy" when that endorsement includes specific Limits of Insurance or amended Limits of Insurance which apply for the coverage afforded by the endorsement.

# COMMERCIAL UMBRELLA LIABILITY OCCURRENCE COVERAGE FORM
# QUICK REFERENCE
# READ YOUR POLICY CAREFULLY


**DECLARATIONS PAGE** **PAGE**
Named Insured & Mailing Address
Policy Period
Description of Business & Location
Coverages & Limits of Insurance

**SECTION I - COVERAGES**
Coverage A - Excess Liability Coverage....1
Insuring Agreement....1
Exclusions....1
Minimum Retention....1
Coverage B - Extended Liability Coverage....1
Insuring Agreement....1
Exclusions....2
Deductible....3

**SECTION II - WHO IS AN INSURED - COVERAGE B**....3
("Who is insured" on Coverage A is in the underlying policy)

**SECTION III - DEFENSE OF CLAIMS OR SUITS**....3
With respect to Coverage A....3
With respect to Coverage B....4
With respect to Coverages A & B....4

**SECTION IV - LIMITS OF INSURANCE**....4

**SECTION V - CONDITIONS**....4
1. Appeals....5
2. Bankruptcy....5
3. Duties in Event of "Incident", Claim or "Suit"....5
4. Legal Action against Us....5
5. Maintenance of "Underlying Insurance"....5
6. Other Insurance....5
7. Policy Period....5
8. Premium Audit....6
9. Representations....6
10. Separation of Insureds....6
11. Transfer of Rights of Recovery against Others to Us....6

**SECTION VI - DEFINITIONS**....6
1. Advertising Injury....6
2. Aggregate Limit....6
3. Bodily Injury....6
4. Coverage Territory....6
5. Defense Expense....6
6. Incident....6
7. Impaired Property....7
8. Injury....7
9. Occurrence....7
10. Occurrence Limit....7
11. Personal Injury....7
12. Products-Completed Operations Hazard....7
13. Property Damage....7
14. Suit....7
15. Underlying Insurance....7
16. Underlying Insurer....7
17. Underlying Policy....7
18. Your Product....7
19. Your Work....8

# COMMERCIAL UMBRELLA LIABILITY OCCURRENCE COVERAGE FORM

## INTRODUCTION

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

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

With respect to Coverage A, the words "this insurance" mean the excess liability insurance provided under this Policy.

The word "insured" means any person or organization qualifying as such under **SECTION II - WHO IS AN INSURED** for Coverage B, and any person qualifying as such under "underlying insurance" for Coverage A.

Other words and phrases that appear in quotation marks have special meaning. Refer to **SECTION VI - DEFINITIONS** of this Policy.

**SECTION I - COVERAGES**

**Coverage A - Excess Liability Coverage**

**1. Insuring Agreement**

**a.** We will pay those sums, in excess of the amount payable under the terms of any "underlying insurance," that the insured becomes legally obligated to pay as damages because of "injury" or damage to which this insurance applies, provided that the "underlying insurance" also applies, or would apply but for the exhaustion of its applicable limits of insurance. If, however, a Minimum Retention applies, as set forth in paragraph **3.** below, we will pay only those sums in excess of the Minimum Retention.

**b.** We will have the right to participate in the defense of claims or suits against the insured seeking damages because of "injury" or damage to which this insurance may apply. We will have a duty to defend such claims or "suits" when the applicable limit of insurance of the "underlying insurance" has been used up by payment of judgments, settlements and any cost or expense subject to such limit.

This right or duty to defend is limited as set forth in **SECTION III - DEFENSE OF CLAIMS OR SUITS**.

**c.** The amount we will pay for damages and "defense expense" is limited as described in **SECTION IV - LIMITS OF INSURANCE**. Damages includes prejudgment interest awarded against the insured.

**d.** This coverage is written with the understanding that all "underlying insurance" is written on an "occurrence" basis.

**e.** This insurance is subject to the same terms, conditions, agreements, exclusions and definitions as the "underlying insurance," except:

**1)** We will have no obligation under this insurance with respect to any claims or "suit" that is settled without our consent; and

**2)** With respect to any provisions to the contrary contained in this insurance.

**2. Exclusions - Coverage A**

The exclusions applicable to the "underlying insurance" also apply to this insurance. Additionally, this insurance does not apply to:

**a.** Damage by fire to premises rented to you.

**b.** Any obligation to pay expenses under any medical payments coverage.

**c.** Any obligation to reimburse an insurer as provided by the terms of the "Endorsement for Motor Carrier Policies of Insurance for Public Liability under Sections 29 and 30 of the Motor Carrier Act of 1980" or under the terms of any similar endorsement required by Federal or state statute.

**d.** Any obligation imposed by law under any automobile no-fault, uninsured motorist, underinsured motorist, workers compensation, disability benefits or unemployment compensation law or any similar law.

**e.** "Injury" excluded by the Nuclear Energy Liability Exclusion Endorsement attached to this policy.

**f.** "Injury" arising out of the rendering of or failure to render any professional services.

**3. Minimum Retention**

The Minimum Retention, if any, shown in the Declarations applies to all "injury" and damage arising out of any one "incident," if at the time of the first claim or "suit" for any such "injury" or damage the applicable "aggregate limit" of the "underlying insurance" has been used up by payment of judgments, settlements, and any costs or expenses subject to such limit.

**Coverage B - Extended Liability Coverage**

**1. Insuring Agreement**

**a.** We will pay those sums that the insured becomes legally obligated to pay as damages because of "injury" to which this insurance applies. This insurance applies only to "injury" which occurs during the policy period. The "injury" must be caused by an "occurrence." This insurance applies only to "injury" which occurs in the "coverage territory."

**b.** We have the right and duty to defend claims or "suits" against the insured seeking such damages and to pay for the "defense expense." This right and duty is limited as described in **SECTION III - DEFENSE OF CLAIMS OR SUITS**.

**c.** We have no obligation under this insurance to make payments or to perform acts or services except as provided for under **a.** and **b.** above.

**d.** Damages include prejudgment interest awarded against the insured.

**2. Exclusions - Coverage B**

This insurance does not apply to:

**a.** "Injury" that is the subject of the insurance policies shown in the Schedule of Underlying Insurance in the Declarations.

**b.** "Bodily Injury" or "Property Damage" expected or intended from the standpoint of the insured.

**c.** "Injury" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement.

**d.** Any obligation of the insured under a workers compensation, disability benefits or unemployment compensation law or any similar law.

**e.** **1)** "Injury" arising out of the actual, alleged or threatened discharge, dispersal, release or escape of pollutants:

**a)** At or from premises you own, rent or occupy;

**b)** At or from any site or location used by or for you or others for the handling, storage, disposal, processing or treatment of waste;

**c)** Which are at any time transported, handled, stored, treated, disposed of, or processed as waste by or for you or any person or organization for whom you may be legally responsible; or

**d)** At or from any site or location on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations:

**(i)** If the pollutants are brought on or to the site or location in connection with such operations; or

**(ii)** If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the pollutants.

**2)** Any loss, cost or expense arising out of any governmental direction or request that you test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants.

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.

Subparagraphs **a)** and **d)(i)** of paragraph **1)** of this exclusion do not apply to "bodily injury" or "property damage" caused by heat, smoke or fumes from a hostile fire. As used in this exclusion, a hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be.

**f.** "Injury" for which any insured may be held liable by reason of:

**1)** Causing or contributing to the intoxication of any person;

**2)** The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

**3)** Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

**g.** "Property damage" to:

**1)** Property you own, rent, or occupy;

**2)** Premises you sell, give away or abandon; if the "property damage" arises out of any part of those premises;

**3)** Property loaned to you.

**h.** "Property damage" to "your product" arising out of it or any part of it.

**i.** "Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard."

**j.** "Property damage" to "impaired property" or property that has not been physically injured, arising out of:

**1)** A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or

**2)** A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

**k.** Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

**1)** "Your product";

**2)** "Your work"; or

**3)** "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

**l.** Any obligation imposed under any of the following laws:

**1)** Employees' Retirement Income Security Act (E.R.I.S.A.) of 1974 as now or hereafter amended; or

**2)** Any first party personal injury, automobile no-fault, uninsured motorists, underinsured motorists law or any similar law.

**m.** "Injury" excluded by the Nuclear Energy Liability Exclusion Endorsement attached to this policy.

**n.** "Injury" arising out of the rendering of or failure to render any professional services.

**o.** "Injury" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

**p.** Any obligation to reimburse an insurer as provided by the Terms of the "Endorsement for Motor Carrier Policies of insurance for Public Liability under Section 29 and 30 of the Motor Carrier Act of 1980" or under the Terms of any similar endorsement required by Federal or state statute.

**q.** "Injury" arising out of the ownership, maintenance, use or entrustment to others of any aircraft owned or operated by or rented or loaned to any Insured. Use includes operation and loading or unloading.

**3. Deductible - Per Claim**

The deductible is the amount stated in Declarations. The deductible shall apply separately to all damages because of "injury" sustained by one person or organization as the result of any one "incident."

We will only pay for damages in excess of the deductible amount, up to the amount of insurance available. The deductible does not apply to the payment of "defense expenses."

**SECTION II - WHO IS AN INSURED - COVERAGE B**

**1.** If you are designated in the Declarations as:

**a.** An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.

**b.** A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.

**c.** An organization other than a partnership or joint venture, you are an insured. Your executive officers and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

**2.** Each of the following is also an insured:

**a.** Your employees, other than your executive officers, but only for acts within the scope of their employment by you. However, none of these employees is an insured for "bodily injury" or "personal injury" to you or to a co-employee while in the course of his or her employment.

**b.** Any person (other than your employee) or any organization while acting as your real estate manager.

**c.** Any person or organization having proper temporary custody of your property if you die, but only:

**1)** With respect to liability arising out of the maintenance or use of that property; and

**2)** Until your legal representative has been appointed.

**d.** Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Policy.

**3.** Any organization you newly acquire or form, other than a partnership or joint venture, and over which you maintain ownership or majority interest, will be deemed to be a Named Insured if there is no other similar insurance available to that organization. However:

**a.** Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;

**b.** Coverage does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and

**c.** Coverage does not apply to "personal injury" or "advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

**SECTION III - DEFENSE OF CLAIMS OR SUITS**

**1.** With respect to Coverage A only:

**a.** When we have the duty to defend, we will pay for all "defense expense" once our duty to defend begins. We may make investigation of any claim or "suit" as we think appropriate.

If we exercise our right to defend when there is no duty, we will pay only that "defense expense" we incur.

If we provide a defense, we may investigate any claims or "suit" at our discretion. We may settle such claim or "suit" within the Amount of Insurance available at the time of the settlement.

**b.** Our right or duty to defend ends when we have used up the Amount of Insurance available in the payment of any combination of judgments or settlements as provided under **SECTION IV - LIMITS OF INSURANCE**. This applies both to claims and "suits" pending at that time and those filed thereafter.

**2.** With respect to Coverage B only:

**a.** We have the right and duty to defend claims or "suits" against the insured seeking damages payable under this insurance. We may make:

**1)** Investigation of any claim or "suit," and

**2)** Settlement within the applicable Amount of Insurance available;

as we think appropriate.

**b.** Our right and duty to defend such claims or "suits" end when we have used up the Amount of Insurance available, as provided under **SECTION IV - LIMITS OF INSURANCE**. This applies both to claims and "suits" pending at that time and those filed thereafter.

**3.** With respect to Coverages A & B:

**a.** When we control the defense of a claim or "suit," we will pay for the "defense expense." If by mutual agreement or court order the insured assumes control before the applicable Amount of Insurance available is used up, we will reimburse the insured for reasonable "defense expense."

**b.** As soon as practicable after we become aware that an Amount of Insurance available is used up:

**1)** We will notify you of any outstanding claims and "suits" subject to that Amount; and

**2)** You will then arrange to assume control of the defense of all such claims and "suits" against you or any other insured when our right or duty to defend them ends.

**c.** We will assist the insured in the transfer of control of the defense of claims and "suits" under **a.** or **b.** above. Until such arrangements are completed, we will take on behalf of any insured those steps that we think appropriate:

**1)** To avoid a default in any claim or "suit"' or

**2)** To the continued defense of a claim or "suit."

You agree that if we take such steps:

**1)** We do not waive or give up any of our rights under this insurance; and

**2)** You will reimburse us for any "defense expense" that arises out of such steps if the applicable Amount of Insurance available has been used up.

**SECTION IV - LIMITS OF INSURANCE**

**1.** The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay under the terms of this insurance regardless of the number of:

**a.** Insureds;

**b.** Claims made or "suits" brought;

**c.** Persons or organizations making claims or bringing "suits."

**2.** The Amount of Insurance stated as the General Aggregate Limit is the most we will pay for damages under Coverage A and B, other than damages because of "injury" or damage;

**a.** Included within "the products-completed operations hazard"; or

**b.** Arising out of the ownership, operation, maintenance, use, loading, unloading, or entrustment to others of an auto.

Each payment we make for such damages reduces by the amount of the payment the General Aggregate Limit. This reduced limit will then be the Amount of Insurance available for damages of these kinds.

**3.** The Amount of Insurance stated as the Products-Completed Operations Aggregate Limit is the most we will pay under Coverages A and B for damages because of "injury" or damage included in the "products-completed operations hazard."

Each payment we make for such damages reduces by the amount of the payment the "Products-Completed Operations Aggregate Limit. This reduced limit will then be the Amount of Insurance available for damages of these kinds.

**4.** Subject to **2.** or **3.** above, whichever applies, or with respect to "injury" or damage arising out of the ownership, operation, maintenance, use, loading or unloading, or entrustment to others of an auto, the Each Incident Limit is the most we will pay for the sum of damages under Coverages A and B because of all "injury" and damage arising out of any one "incident."

**5.** The Limits of this policy apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limit of Insurance.

**SECTIONS V - CONDITIONS**

If any of the following conditions are contrary to Conditions contained in the "underlying insurance" the provisions contained in this policy apply.

1. **Appeals**
   In the event the "underlying insurer" elects not to appeal a judgment in excess of the limits of the "underlying insurance," we may elect to make such appeal. If we so elect, we shall be liable, in addition to the applicable Amount of Insurance, for all "defense expenses" we incur.
2. **Bankruptcy**
   **a.** In the event of bankruptcy or insolvency of any "underlying insurer," the insurance afforded by this policy shall not replace such "underlying insurance" but shall apply as if the "underlying insurance" was valid and collectible.
   **b.** Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.
3. **Duties in the Event of "Incident," Claim or "Suit"**
   **a.** You must see to it that we are notified as soon as practicable of an "incident" which may result in a claim to which this insurance applies. To the extent possible notice should include:
      **1)** How, when and where the "incident" took place;
      **2)** The names and addresses of any injured persons and witnesses; and
      **3)** The nature and location of any "injury" or damage arising out of the "incident."
   Notice of an "incident" is not notice of a claim.
   **b.** If a claim is received by any insured you must:
      **1)** Immediately record the specifics of the claim and the date received; and
      **2)** Notify us as soon as practicable.
   You must see to it that we receive written notice of the claim as soon as practicable.
   **c.** You and any other involved insured must:
      **1)** Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or a "suit;"
      **2)** Authorize us to obtain records and other information;
      **3)** Cooperate with us in the investigation, settlement or defense of the claim or "suit;" and
      **4)** Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of "injury" or damage to which this insurance may also apply.
      **5)** Notify us immediately of any judgment or settlement of any claim or "suit" brought against any insured.
   **d.** No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.
4. **Legal Action Against Us**
   No person or organization has a right under this Policy:
   **a.** To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
   **b.** To sue us on this Policy unless all of its terms have been fully complied with.
   A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this Policy or that are in excess of the limits of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.
5. **Maintenance of "Underlying Insurance"**
   **a.** You agree to maintain the "underlying insurance" in full force and effect during the term of this policy, and to inform us within 30 days of any replacement of that "underlying insurance" by the same or another company.
   **b.** You must notify us immediately:
      **1)** Of any changes to the "underlying insurance." We may adjust our premium accordingly from the effective date of the change to the "underlying insurance";
      **2)** If any "underlying insurance" is cancelled or not renewed and you do not replace it, we may cancel the portion of this insurance that applies to that "underlying insurance" as of the date of termination of the "underlying insurance."
   **c.** Reduction or exhaustion of the "aggregate limit" of any "underlying insurance" by payments for judgments, settlements or "defense expense" will not be a failure to maintain "underlying insurance" in full force and effect.
   **d.** No statement contained in this Condition limits our right to cancel or not renew this Policy.
6. **Other Insurance**
   This insurance is excess over any other valid and collectible insurance whether primary, excess, contingent or any other basis, except other insurance written specifically to be excess over this insurance.
7. **Policy Period**
   This insurance will respond to "injury" or damage that occurs, or arises from an offense committed, during the policy period of this insurance shown in the Declarations.

8. **Premium Audit**
   a. We will compute all premiums for this Policy in accordance with our rules and rates.
   b. Premium shown in this Policy as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the advance and audit premiums paid for the policy term is greater than the earned premium, we will return the excess to the first Named Insured. If the Policy Limit of this insurance is used up prior to the end of the Policy Period, the premium is fully earned.
   c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.
9. **Representations**
   By accepting this policy, you agree:
   a. The statements in the Declarations are accurate and complete;
   b. Those statements are based upon representations you made to us; and
   c. We have issued this policy in reliance upon your representations.
10. **Separation of Insureds**
   Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Policy to the first Named Insured, this insurance applies:
   a. As if each Named Insured were the only Named Insured; and
   b. Separately to each insured against whom claim is made or "suit" is brought.
11. **Transfer of Rights of Recovery Against Others to Us**
   If the insured has rights to recover all or part of any payment we have made under this Policy, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

**SECTION VI - DEFINITIONS**

1. "Advertising injury" means "injury" arising out of one or more of the following offenses:
   a. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
   b. Oral or written publication of material that violates a person's right of privacy;
   c. Misappropriation of advertising ideas or style of doing business; or
   d. Infringement of copyright, title or slogan, committed in the course of advertising your goods, products or services.
2. "Aggregate limit" means the maximum amount stated in the policy for which the insurer will be liable, regardless of the number of covered claims.
3. "Bodily Injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
4. "Coverage Territory" means anywhere in the world if the insured's responsibility to pay damages is determined in a "suit" on the merits, in the United States of America (including its territories and possessions), Puerto Rico and Canada or in a settlement we agree to.
5. "Defense expense" means payments allocated to a specific claim or "suit" for its investigation, settlement, or defense, including:
   a. Attorney fees and all other litigation expenses.
   b. The cost of bonds to appeal a judgment or award in any "suit" we defend.
   c. Up to $250 for the cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which bodily injury liability coverage under this insurance applies.
   d. The cost of bonds to release attachments, but only for bond amounts within the Amount of Insurance available.
   e. Reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit," including actual loss of earnings up to $100 a day because of time off from work.
   f. Costs taxed against the insured in the "suit."
   g. Interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the amount available for the judgment under the provisions of **SECTION IV - LIMITS OF INSURANCE**.

   "Defense expense" does not include:
   a. Salaries and expenses of our employees or the insured's employees, other than:
      1) That portion of our employed attorneys' fees, salaries and expenses allocated to a specific claim or "suit"; and
      2) The expense described in **e.** above.
   b. Fees and expenses of independent adjusters we hire.
6. "Incident" means:
   a. With respect to "bodily injury" to persons other than your employees and "property damage," an accident, including continuous or repeated exposure to substantially the same general harmful conditions;

**b.** With respect to "bodily injury" to your employees arising out of and in the course of their employment by you, the accident or disease which causes the "bodily injury"; and

**c.** With respect to offenses committed by the insured resulting in "personal injury" or "advertising injury" other than "bodily injury," all such "injury" sustained by any one person or organization.

**7.** "Impaired property" means tangible property, other than "your product" or "your work," that cannot be used or is less useful because:

**a.** It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or

**b.** You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by:

**a.** The repair, replacement, adjustment or removal of "your product" or "your work"; or

**b.** Your fulfilling the terms of the contract or agreement.

**8.** "Injury" means "bodily injury," "property damage," "advertising injury" or "personal injury."

**9.** "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

**10.** "Occurrence limit" means any specific limit, other than an "aggregate limit," applicable to any "underlying insurance," regardless of whether such limit is subject to an "aggregate limit" in the "underlying policy."

**11.** "Personal Injury" means "injury" other than "bodily injury," arising out of one or more of the following offenses:

**a.** False arrest, detention or imprisonment;

**b.** Malicious prosecution;

**c.** Wrongful entry into, or eviction of a person from, a room, dwelling or premises that the person occupies;

**d.** Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or

**e.** Oral or written publication of material that violates a person's right of privacy, arising out of the conduct of your business, excluding advertising, publishing, broadcasting or telecasting done by or for you.

**12. a.** "Products-completed operations hazard" includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

**1)** Products that are still in your physical possession; or

**2)** Work that has not yet been completed or abandoned.

**b.** "Your work" will be deemed completed at the earliest of the following times:

**1)** When all of the work called for in your contract has been completed.

**2)** When all of the work to be done at the site has been completed if your contract calls for work at more than one site.

**3)** When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Works that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

**c.** "Products-completed operations hazard" does not include "bodily injury" or "property damage" arising out of:

**1)** The transportation of property, unless the "injury" or damage arises out of a condition in or on a vehicle created by the "loading or unloading" of it;

**2)** The existence of tools, uninstalled equipment or abandoned or unused materials.

**13.** "Property damage" means:

**a.** Physical injury to tangible property, including all resulting loss of use of that property; or

**b.** Loss of use of tangible property that is not physically injured.

**14.** "Suit" means a civil proceeding in which damages to which this insurance applies are alleged. "Suit" includes an arbitration proceeding alleging such damages to which you must submit or you submit with our consent.

**15.** "Underlying insurance" means the liability insurance coverage provided under policies shown in the Declarations, for the limits and periods indicated. It includes any policies issued to replace those policies during the term of this insurance that provide:

**a.** At least the same policy limits;

**b.** The same hazards insured against, except as modified by general program revisions or as agreed to by us in writing.

**16.** "Underlying insurer" means any insurer who issues a policy of "underlying insurance."

**17.** "Underlying policy" means a policy providing "underlying insurance."

**18.** "Your product" means:

**a.** Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

**1)** You;

**2)** Others trading under your name; or

**3)** A person or organization whose business or assets you have acquired; and

**b.** Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

"Your product" includes warranties or representations made at any time with respect to the fitness, quality,

durability or performance of any of the items included in **a.** and **b.** above.
"Your product" does not include vending machines or other property rented to or located for the use of others but not sold.

**19.** "Your work" means:

**a.** Work or operations performed by you or on your behalf; and

**b.** Materials, parts or equipment furnished in connection with such work or operations.

"Your work" includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in **a.** or **b.** above.

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

# CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

COMMERCIAL LIABILITY UMBRELLA COVERAGE PART

**A.** If aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed $100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds $100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

**1.** The act resulted in insured losses in excess of $5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and

**2.** The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

**B.** The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Coverage Part.

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

# IDAHO CHANGES

For a covered "auto" licensed or principally garaged in, or "garage operations" conducted in, Idaho, this endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM
GARAGE COVERAGE FORM
MOTOR CARRIER COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

**A. Changes in Physical Damage Coverage**

When this **Physical Damage Coverage** applies to a "loaned vehicle" that you do not own, the following applies with respect to such "loaned vehicle":

**1.** The **Limits Of Insurance** Provisions in Paragraphs **C.1.** and **C.2.** are replaced by the following:

**a.** The most we will pay for:

**(1)** "Loss" to a covered "loaned vehicle" is the lesser of:

**(a)** The reasonable cost of repairing the "loaned vehicle" with other property of like kind and quality; or

**(b)** The owner's actual cost to replace the "loaned vehicle" with other property of like kind and quality.

**2.** The **Limits Of Insurance** Provision in Paragraph **C.3.** does not apply to a "loaned vehicle".

**B. Changes In Conditions**

The **Other Insurance** Condition in the Business Auto and Garage Coverage Forms and the **Other Insurance – Primary And Excess Insurance Provisions** Condition in the Motor Carriers Coverage Form are revised by the addition of the following:

When this Coverage Form and any other Coverage Form or policy providing liability and/or physical damage insurance apply with respect to an “accident” or “loss” involving a "loaned vehicle" and:

**1.** One provides coverage to a licensed seller or dealer that owns the “loaned vehicle”; and

**2.** The other provides coverage to the operator of the “loaned vehicle”; and

**3.** At the time of an "accident" or “loss”, the operator’s liability and/or physical damage insurance as described in Paragraph **2.** is primary and the licensed seller or dealer’s liability and/or physical damage insurance described in Paragraph **1.** is excess over any insurance available to that operator.

**C. Additional Definitions**

As used in this endorsement:

"Loaned vehicle" means a motor vehicle which is provided for temporary use without charge to the operator by a licensed seller or dealer for the purpose of demonstrating the vehicle to the operator as a prospective purchaser, or as a convenience to the operator during the repairing or servicing of a motor vehicle for the operator, regardless of whether such repair or service is performed by the owner of the loaned vehicles or by some other person or business.


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

# CONDOMINIUM OR COMMUNITY ASSOCIATION DIRECTORS AND OFFICERS LIABILITY COVERAGE

**THIS ENDORSEMENT PROVIDES CLAIMS-MADE COVERAGE.
PLEASE READ THE ENTIRE ENDORSEMENT CAREFULLY.**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

**SCHEDULE**

| Coverage | Limit Of Insurance | Deductible | Premium |
|---|---|---|---|
| Condominium or Community Association Directors and Officers Liability | $ 1,000,000 each occurrence<br>$ 2,000,000 aggregate | $1,000 | $ 613 |
| Retroactive Date: | 06/05/2012 | | |
| Information required to complete this Schedule, if not shown above, will be shown in the Declarations. | | | |

**A.** The following is added to **Section I – Coverages:**

**COVERAGE – CONDOMINIUM OR COMMUNITY ASSOCIATION DIRECTORS AND OFFICERS LIABILITY**

**1. Insuring Agreement**

**a.** We will pay those sums that the insured becomes legally obligated to pay as damages because of "wrongful acts" of the insured, to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages to which this insurance does not apply. We may, at our discretion, investigate any report of a "wrongful act" and settle any "claim" or "suit" that may result. But:

**(1)** The amount we will pay for damages is limited as described in Paragraph **D.** (Section **III** – Limits Of Insurance); and

**(2)** Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments.

**b.** This insurance applies to damages only if:

**(1)** The "wrongful act" is negligently committed by your "officer" or "director" while acting solely in their capacities as "directors" or "officers";

**(2)** The "wrongful act" did not take place before the Retroactive Date, if any, shown in the Schedule nor after the end of the policy period; and

**(3)** A "claim" for damages, because of a "wrongful act" is first made against any insured, in accordance with Paragraph **c.** below, during the policy period or an Extended Reporting Period we provide under Paragraph **F.** of this endorsement.

**c.** A "claim" seeking damages will be deemed to have been made at the earlier of the following times:

**(1)** When notice of such "claim" is received and recorded by any insured or by us, whichever comes first; or


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**(2)** When we make settlement in accordance with Paragraph **1.a.** above.

A "claim" received and recorded by the insured within 60 days after the end of the policy period will be considered to have been received within the policy period, if no subsequent policy is available to cover the "claim".

**d.** All "claims" for damages made because of any "wrongful act" or a series of related "wrongful acts" will be deemed to have been made at the time the first of those "claims" is made against any insured.

**2. Exclusions**

This insurance does not apply to:

**a. Dishonest, Fraudulent, Criminal Or Malicious Act**

Damages arising out of any intentional, dishonest, fraudulent, criminal or malicious act, error or omission, committed by any insured, including the willful or reckless violation of any statute.

**b. Bodily Injury, Property Damage, Or Personal And Advertising Injury**

"Bodily injury," "property damage" or "personal and advertising injury".

**c. Failure To Perform A Contract**

Damages arising out of failure of performance of contract by any insurer.

**d. Discrimination Or Humiliation**

Damages based on, but not limited to, race, color, creed, sex, religion, age, national origin, handicap or sexual preference.

**e. Other Than Money Damages**

"Claims" for anything other than money damages (for example: "claims" for declaratory or injunctive relief, specific performance, or restraining order/s), and any demands for attorney's fees, interest, expenses, or court costs arising out of or related to any of the aforesaid "claims".

**f. Insurance Or Bonds**

"Claims" made against any insured regarding the obtaining or maintaining of insurance or bonds, including errors or negligence concerning the amount, form, conditions or provisions of that insurance or bond.

**g. Personal Profit**

"Claims" made against any insured out of which that insured will gain personal profit or advantage.

**h. Securities**

**"**Claims" relating to the purchase, sale or registering of securities.

**i. Unlawful Payments"**Claims" made for the recovery of any unlawful payments made by the Condominium or Community Association. An unlawful payment is a payment made without the approval of the Association Board of Directors or a payment ruled by the courts to be illegal.

**j. Building Operations**

**"**Claims" for damages caused by or arising out of operations (including construction, design, survey and engineering services) performed by or on behalf of the builder, sponsor, or developer of the association designated in the Declarations.

**k. Failure To Enforce Rights Against Builder**

"Claims" based on the failure or inability of any insured to enforce your rights against the builder, sponsor or developer of the association designated in the Declarations.

**l. Salary, Compensation Or Bonuses**

"Claims" for salary, compensation or bonuses voted to any insured by your Board of Directors.

**m. Loss Already Paid**

A loss your "directors" or "officers" are legally obligated to pay, if we have already covered that loss by paying you for amounts you are required or permitted to pay as indemnity to them.

**n. Punitive Damages**

"Claims" for punitive, exemplary, multiplied or statutory damages.

**o. Developer Or Sponsor**

Damages arising out of activities or operations of any "director" or "officer" who was or is the association developer and/or sponsor.

**p. ERISA**

Damages for which any insured is liable because of liability imposed on a fiduciary by the Employee Retirement Income Security Act of 1974, as now or hereafter amended, or by any similar federal, state or local laws.

**q. Taxes, Fines Or Penalties**

Taxes, fines or penalties, including those imposed under the Internal Revenue Code or any similar state or local law.


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**r. Employment-Related Practices**

Damages arising out of wrongful termination of employment, discrimination, or other employment-related practices.

**B.** For the purposes of the coverage provided by this endorsement:

**1.** All references to Supplementary Payments – Coverages **A** and **B** are replaced by Supplementary Payments – Coverages **A, B** and **Condominium or Community Association Directors And Officers Liability.**

**2.** Paragraphs **1.b.** and **2.** of the Supplementary Payments provision do not apply.

**C.** For the purposes of the coverage provided by this endorsement, **Section II – Who Is An Insured** is replaced by the following:

Insured means:

**1.** You, with respect to "claims" you may be required or permitted by law to pay as indemnity to any of your "directors" or "officers";

**2.** Your "directors" and "officers," but only in their capacity as your "director" or "officer"; and

**3.** Members of standing committees, with respect to "claims" that result from their duties as members of such committees.

**D.** For the purposes of the coverage provided by this endorsement, **Section III – Limits Of Insurance** is replaced by the following:

**1. Limits Of Insurance**

**a.** The Limits of Insurance shown in the Schedule and the rules below fix the most we will pay regardless of the number of:

**(1)** Insureds;

**(2)** "Claims" made or "suits" brought;

**(3)** Persons or organizations making "claims" or bringing "suits"; or

**(4)** "Wrongful acts".

**b.** The Aggregate Limit is the most we will pay for all damages because of "wrongful acts" negligently committed by your "directors" or "officers".

**c.** Subject to the Aggregate Limit, the Each Occurrence Limit is the most we will pay for all damages sustained on account of any "claim" covered, as a result of:

**(1)** A "wrongful act"; or

**(2)** A series of related "wrongful acts"

negligently committed by your "directors" or "officers".

The Limits of Insurance of this endorsement apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations of the policy to which this endorsement is attached, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

**2. Deductible**

**a.** A $1,000 deductible applies to your coverage for each "wrongful act". This means that you will pay $1,000 of all covered losses arising out of the same "wrongful act" or a series of related "wrongful acts". We will pay the remainder of the covered losses up to your Limit of Insurance.

**b.** The terms of this insurance, including those with respect to:

**(1)** Our right and duty to defend any "suits" seeking those damages; and

**(2)** Your duties, and the duties of any other involved insured, in the event of a "wrongful act" or "claim"

apply irrespective of the application of the deductible amount.

**c.** We may pay any part or all of the deductible amount to effect settlement of any "claim" or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as we have paid.

**E.** For the purposes of the coverage provided by this endorsement, Conditions **2.** and **4.** of **Section IV – Commercial General Liability Conditions** are replaced by the following:

**2. Duties In The Event Of A "Wrongful Act," "Claim" Or "Suit"**

**a.** You must see to it that we are notified as soon as practicable of a "wrongful act" which may result in a "claim". To the extent possible, notice should include:

**(1)** What the "wrongful act" was and when it occurred; and

**(2)** The names and addresses of anyone who may suffer damages as a result of the "wrongful act".

**b.** If a "claim" is made or "suit" is brought against any insured, you must:

**(1)** Immediately record the specifics of the "claim" or "suit" and the date received; and


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**(2)** Notify us as soon as practicable.

You must see to it that we receive written notice of the "claim" or "suit" as soon as practicable.

**c.** You and any other involved insured must:

**(1)** Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "claim" or "suit";

**(2)** Authorize us to obtain records and other information;

**(3)** Cooperate with us in the investigation or settlement of the "claim" or defense against the "suit"; and

**(4)** Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of a “wrongful act” to which this insurance may also apply.

**d.** No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation or incur any expense without our consent.

**4. Other Insurance**

If other valid and collectible insurance is available to the insured for a loss we cover under this endorsement, our obligations are limited as follows:

**a. Primary Insurance**

This insurance is primary except when **b.** below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in **c.** below.

**b. Excess Insurance**

**(1)** This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis that is effective prior to the beginning of the policy period shown in the Schedule of this insurance and that applies to a “wrongful act” on other than a claims-made basis, if:

**(a)** No Retroactive Date is shown in the Schedule of this insurance; or

**(b)** The other insurance has a policy period which continues after the Retroactive Date shown in the Schedule of this insurance.

**(2)** When this insurance is excess, we will have no duty to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit”. If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

**(3)** When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of the total amount that all such other insurance would pay for the loss in absence of this insurance; and the total of all deductible and self-insured amounts under all that other insurance.

**(4)** We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Schedule of this endorsement.

**c. Method Of Sharing**

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limits of insurance of all insurers.

**F.** For the purposes of the coverage provided by this endorsement, the following Extended Reporting Period provisions are added, or, if this endorsement is attached to a claims-made Coverage Part, replaces any similar Section in that Coverage Part:

**EXTENDED REPORTING PERIOD**

**1.** You will have the right to purchase an Extended Reporting Period, as described below, if:

**a.** This endorsement is canceled or not renewed; or

**b.** We renew or replace this endorsement with insurance that:

**(1)** Has a Retroactive Date later than the date shown in the Schedule of this endorsement; or

**(2)** Does not apply to a “wrongful act” on a claims-made basis.


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2. The Extended Reporting Period does not extend the policy period or change the scope of coverage provided. It applies only to "claims" for “wrongful acts” that were first committed before the end of the policy period but not before the Retroactive Date, if any, shown in the Schedule. Once in effect, the Extended Reporting Period may not be canceled.

3. An Extended Reporting Period of five years is available, but only by an endorsement and for an extra charge.

   You must give us a written request for the endorsement within 60 days after the end of the policy period. The Extended Reporting Period will not go into effect unless you pay the additional premium promptly when due.

   We will determine the additional premium in accordance with our rules and rates. In doing so, we may take into account the following:

   **a.** Previous types and amounts of insurance;

   **b.** Limits of insurance available under this endorsement for future payment of damages; and

   **c.** Other related factors.

   The additional premium will not exceed 100% of the annual premium for this endorsement.

   The Extended Reporting Period endorsement applicable to this coverage shall set forth the terms, not inconsistent with this Section, applicable to the Extended Reporting Period, including a provision to the effect that the insurance afforded for "claims" first received during such period is excess over any other valid and collectible insurance available under policies in force after the Extended Reporting Period starts.

4. If the Extended Reporting Period is in effect, we will provide an extended reporting period aggregate limit of insurance described below, but only for claims first received and recorded during the Extended Reporting Period.

   The extended reporting period aggregate limit of insurance will be equal to the dollar amount shown in the Schedule of this endorsement under Limits of Insurance.

   Paragraph **D.1.b.** of this endorsement will be amended accordingly. The Each Occurrence Limit shown in the Schedule will then continue to apply as set forth in Paragraph **D.1.c.**

**G.** For the purposes of the coverage provided by this endorsement, the following definitions are added to the **Definitions** Section:

1. “Claim” means a demand for money, the filing of a “suit”, or the institution of arbitration proceedings against any insured as the result of a “wrongful act”.

2. “Director” means any person who was, now is, or becomes your duly elected or appointed director of your condominium or community association, and in the event of death, incompetency, insolvency or bankruptcy, the legal representative of that director.

3. “Officer” means any person who was, now is, or becomes your duly elected or appointed officer of your condominium or community association, and in the event of death, incompetency, insolvency or bankruptcy, the legal representative of that officer.

4. “Wrongful Act” means:

   **a.** Error or omission;

   **b.** Negligence;

   **c.** Breach of duty; or

   **d.** Misstatement or misleading statement.

**H.** For the purposes of the coverage provided by this endorsement, Definition **18.** in the **Definitions** Section is replaced by the following:

**18.** "Suit" means a civil proceeding in which damages because of any “wrongful act” by “Directors” or “Officers” while acting solely in their capacities as “Directors” or “Officers” are alleged.


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# CHILD MOLESTATION EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL UMBRELLA LIABILITY OCCURRENCE COVERAGE FORM

This policy does not apply to any "injury" sustained by any person arising out of or resulting from the molesting of minors by:

1. Any insured;
2. Any employee of any insured, or
3. Any person performing volunteer services for or on behalf of any insured.

The Company shall not have any duty to defend any suit against the insured seeking damages on accounts of any such injury.

All other terms and conditions remain unchanged.

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

# EXCLUSION OF UNDERLYING POLICIES APPLICABLE

This endorsement modifies insurance provided under the following:

COMMERCIAL UMBRELLA LIABILITY POLICY

The following is added to paragraph **2. Exclusions of COVERAGE B- EXTENDED LIABILITY COVERAGE (Section I):**

**r.** This insurance does not apply to any "injury" excluded under the insurance shown in the Schedule of Underlying Insurance.

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

# WAR LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL UMBRELLA LIABILITY POLICY

**A.** The following exclusion is added to Paragraph **2.**, **Exclusions** of **SECTION I – COVERAGES**, **Coverage A – Excess Liability Coverage**:

**g. War**

"Bodily injury," "property damage," "personal injury" or "advertising injury," however caused, arising, directly or indirectly, out of:

**1)** War, including undeclared or civil war; or

**2)** 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

**3)** Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**B.** Exclusion **o.** under Paragraph **2., Exclusions** of **SECTION I – COVERAGES, Coverage B – Extended Liability Coverage** is replaced by the following**:**

**o. War**

"Bodily injury," "property damage", "personal injury" or "advertising injury," however caused, arising, directly or indirectly, out of:

**1)** War, including undeclared or civil war; or

**2)** 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

**3)** Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.


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# FUNGI OR BACTERIA EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL UMBRELLA LIABILITY POLICY

**A.** The following exclusion is added to Paragraph **2., Exclusions – Coverage A** of **SECTION I – COVERAGES**, **Coverage A – Excess Liability Coverage**:

**g. Fungi or Bacteria**

**1)** "Bodily injury" or "property damage" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for consumption.

**2)** "Personal and advertising injury" which would not have taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.

**3)** Any loss, cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

**B.** The following exclusion is added to Paragraph **2., Exclusions – Coverage B** of **SECTION I – COVERAGES**, **Coverage B – Extended Liability Coverage**:

**r. Fungi or Bacteria**

**1)** "Bodily injury" or "property damage" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for consumption.

**2)** "Personal and advertising injury" which would not have taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.

**3)** Any loss, cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

**C.** The following definition is added to **SECTION VI - Definitions**:

"Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.


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# EXCLUSION - ASBESTOS

This endorsement modifies the insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

This insurance does not apply to "bodily injury," "property damage" or "personal and advertising injury" arising out of the actual or alleged presence or actual, alleged or threatened dispersal of asbestos, asbestos fibers or products containing asbestos, provided that the injury or damage is caused or contributed to by the hazardous properties of asbestos.

This includes:

**a.** Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with the above; and

**b.** Any obligation to share damages with or repay someone else who must pay damages because of such injury or damage.


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# EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA (INCLUDING FOOD CONTAMINATION BUSINESS INCOME EXCEPTION)

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

**A.** The exclusion set forth in Paragraph **B.** applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.

**B.** We will not pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.

**C.** However, the exclusion in Paragraph **B.** does not apply to the following:

**1.** Loss or damage caused by or resulting from "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy; or

**2.** Coverage otherwise provided under an endorsement for Food Contamination Business Income or Food Contamination Extra Expense (if such an endorsement is attached to this Coverage Part or Policy).

**D.** With respect to any loss or damage subject to the exclusion in Paragraph **B.**, such exclusion supersedes any exclusion relating to "pollutants".

**E.** The following provisions in this Coverage Part or Policy are hereby amended to remove reference to bacteria:

**1.** Exclusion of "Fungus", Wet Rot, Dry Rot And Bacteria; and

**2.** Additional Coverage – Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage.

**F.** The terms of the exclusion in Paragraph **B.,** or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.


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# FUNGUS, WET ROT, DRY ROT AND BACTERIA – EXCLUSION

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – BASIC FORM
CAUSES OF LOSS – BROAD FORM
CAUSES OF LOSS – SPECIAL FORM

**A.** If attached to this policy, CAUSES OF LOSS – BASIC FORM is modified as follows:

**1.** Under **B. Exclusions**, **1.h.** is replaced as follows:

**h. "Fungus", Wet Rot, Dry Rot And Bacteria**

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

This exclusion does not apply when "fungus", wet or dry rot or bacteria results from fire or lightning.

**2. C. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria** is deleted.

**B.** If attached to this policy, CAUSES OF LOSS – BROAD FORM is modified as follows:

**1.** Under **B. Exclusions**, **1.h.** is replaced as follows:

**h. "Fungus", Wet Rot, Dry Rot And Bacteria**

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

This exclusion does not apply when "fungus", wet or dry rot or bacteria results from fire or lightning.

**2. D. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria** is deleted.

**C.** If attached to this policy, CAUSES OF LOSS – SPECIAL FORM is modified as follows:

**1.** Under **B. Exclusions**, **1.h.** is replaced as follows:

**h. "Fungus", Wet Rot, Dry Rot And Bacteria**

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

This exclusion does not apply when "fungus", wet or dry rot or bacteria results from fire or lightning.

**2. E. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria** is deleted.


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# EXCLUSION OF PUNITIVE DAMAGES RELATED TO A CERTIFIED ACT OF TERRORISM

This endorsement modifies insurance provided under the following:

COMMERCIAL LIABILITY UMBRELLA COVERAGE PART

**A.** The following exclusion is added:

This insurance does not apply to:

**TERRORISM PUNITIVE DAMAGES**

Damages arising, directly or indirectly, out of a "certified act of terrorism" that are awarded as punitive damages.

**B.** The following definition is added:

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

**1.** The act resulted in insured losses in excess of $5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and

**2.** The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

**C.** The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Coverage Part.

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