

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF CONNECTICUT**

CONSULTING ADVANTAGE INC.,

Plaintiff,

v.

THE HARTFORD FIRE INSURANCE
COMPANY and COMMERCIAL INLAND
MARINE HARTFORD FIRE INSURANCE
COMPANY,

Defendants.

FIRST AMENDED COMPLAINT

JURY TRIAL DEMANDED

3:20-cv-00610

Plaintiff Consulting Advantage Inc. (“Plaintiff” or “Consulting Advantage”) brings this First Amended Complaint, alleging relief against Defendants The Hartford Fire Insurance Company (“Hartford”) and Commercial Inland Marine Hartford Fire Insurance Company (“Marine”) and avers as follows:

NATURE OF THE CASE

1. This is a civil action seeking declaratory relief arising from Plaintiff’s contract of insurance with the Defendants.
2. In light of the global coronavirus disease 2019 (“COVID-19”) pandemic and state and local government orders (“Civil Authority Orders”) mandating that all non-essential in-store businesses must shut down on March 16, 2020, Plaintiff’s trucking school has suffered business loss.

3. Plaintiff's insurance policies provide coverage for all non-excluded business losses, and thus provide coverage here.

4. As a result, Plaintiff is entitled to declaratory relief that its business is covered for all business losses that have been incurred in an amount greater than \$150,000.00.

JURISDICTION

5. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. § 1332. There is complete diversity of citizenship between Plaintiff, a California corporation with its principal place of business and headquarters in California, and the Defendants, who are incorporated in Connecticut with their principal place of business and headquarters in Connecticut. Further, the amount in controversy necessary for diversity jurisdiction over a declaratory judgment action is measured by the value of the alleged business losses. *Id.* § 1332(a). Plaintiff has suffered business losses in an amount greater than \$150,000.00.

6. This Court has personal jurisdiction over Defendants Hartford and Marine. Defendants' headquarters and principal place of business are located within the State of Connecticut. Defendants are subject to general personal jurisdiction of this Court.

7. Venue is proper in this district pursuant to 28 U.S.C. § 1391(b)(1) because Defendants are residents of this District, because Defendants transact business in this District and because a substantial part of the events giving rise to this claim, including drafting of Defendants' insurance policy language, occurred in this District.

PARTIES

8. Plaintiff Consulting Advantage is a Nevada corporation. Plaintiff Consulting Advantage owns and operates a trucking school in the State of California. Plaintiff's principal place of business is at 3079 Kilgore Road, Suite C, Rancho Cordova, California 95670.

9. Defendant Hartford is an insurance carrier that provides business interruption insurance to Plaintiff. Hartford is headquartered at 1 Hartford Plaza, Hartford, Connecticut 06155. Hartford is a citizen of Connecticut.

10. Defendant Marine underwrote the insurance provided to Plaintiff and is headquartered at 1 Hartford Plaza, Hartford, Connecticut 06155. Marine is a citizen of Connecticut.

11. At all relevant times, Defendants issued an insurance policy to Plaintiff (policy number 20 UUN UX 2005) that includes coverage for business interruption losses incurred by Plaintiff from August 15, 2019 through August 15, 2020 ("Policy"). See Declaration, attached hereto as Exhibit 1.

12. The policy, currently in full effect, includes coverage for, among other things, business personal property, business income, special business income, and professional business income. a

13. Plaintiff submitted a claim for a business loss on March 19, 2020 pursuant to its policy seeking coverage under this policy. On April 6, 2020, Defendants rejected Plaintiff's claim for coverage for business loss and business interruption and other claims, contending, *inter alia*,

that Plaintiff did not suffer physical damage to its property directly, and stating other reasons why Plaintiff is not purportedly entitled to coverage for the losses and damages claimed. Defendants' denial of Plaintiff's claim relied in part on the Virus Exclusion Clause.

FACTUAL BACKGROUND

I. Insurance Coverage

14. Plaintiff faithfully paid policy premiums to Defendants, specifically to provide, among other things, additional coverages in the event of business interruption or closures by order of Civil Authority and for business loss for property damage.

15. The terms of the Policy explicitly provide for insurance coverage for actual loss of business income Plaintiff sustains, along with any actual, necessary and reasonable extra expenses incurred, when access to the Insured Properties is specifically prohibited by order of civil authority. This additional coverage is identified as coverage under "Civil Authority."

16. The Policy is an all-risk policy, insofar as it provides that covered causes of loss under the policy provides coverage for all covered losses, including but not limited to direct physical loss and/or direct physical damage, unless a loss is specifically excluded or limited in the Policy.

17. The Policy also provides coverage for damages resulting from business interruption when there is property damage.

18. Defendant provides for a Virus Exclusion under the policy. The exclusion for viruses does not apply to this pandemic.

19. Nonetheless, based on information and belief, Defendants have accepted Plaintiff's policy premiums with no intention of providing any coverage for business losses or the Civil Authority extension due to a loss and shutdown and property damage.

II. The Coronavirus 2-10 Pandemic

20. The scientific community, and those personally affected by the virus, recognize COVID-19 as a cause of real physical loss and damage. It is clear that contamination of the Insured Property would be a direct physical loss requiring remediation to clean the premises and all related equipment.

21. On information and belief, the virus that causes COVID-19 remains stable and transmittable in airborne aerosols for up to three hours, up to four hours on copper, up to 24 hours on cardboard and up to two to three days on plastic and stainless steel. *See* <https://www.nih.gov/news-events/news-releases/new-coronavirus-stable-hours-surfaces> (last visited April 9, 2020).

22. The CDC has issued a guidance recommending that gatherings of more than 10 people must not occur. People in congregate environments, which are places where people live, eat, and sleep in close proximity, face increased danger of contracting COVID-19.

23. The global COVID-19 pandemic is exacerbated by the fact that the deadly virus physically infects and stays on surfaces of objects or materials, "fomites," for up to twenty-eight (28) days.

24. China, Italy, France, and Spain have implemented procedures requiring the cleaning and fumigating of public areas prior to allowing them to re-open publicly due to the intrusion of microbials.

III. Civil Authority

25. On March 4, 2020, the State of California declared a State of Emergency for the entire state of California as a result of COVID-19.

26. On March 11, 2020, the State of California set restrictions on large gatherings.

27. On March 16, 2020, the State of California prohibited all gatherings regardless of size. This order effectively shut down all non-essential businesses.

28. On March 17, 2020, the State of California issued a stay at home order that all non-essential workers must stay at home as a result of COVID-19. This order has been extended indefinitely.

29. As a direct consequence of the stay-at-home orders for public safety issued by the State of California, Plaintiff's trucking schools have been unable to operate. Accordingly, Plaintiff submitted a claim to its insurance carrier related to such losses on March 19, 2020.

30. Further, on April 10, 2020, President Trump seemed to support insurance coverage for business loss like that suffered by the Plaintiff.

REPORTER: Mr. President may I ask you about credit and debt as well. Many American individuals, families, have had to tap their credit cards during this period of time. And businesses have had to draw down their credit lines. Are you concerned Mr. President that that may hobble the U.S. economy, all of that debt number one? And

number two, would you suggest to credit card companies to reduce their fees during this time?

PRESIDENT TRUMP: Well it's something that we've already suggested, we're talking to them. ***Business interruption insurance***, I'd like to see these insurance companies—you know you have people that have paid. When I was in private I had business interruption. When my business was interrupted through a hurricane or whatever it may be, I'd have business where I had it, I didn't always have it, sometimes I had it, sometimes, I had a lot of different companies. *But if I had it I'd expect to be paid.* You have people. I speak mostly to the restaurateurs, where they have a restaurant, they've been paying for 25, 30, 35 years, business interruption. They've never needed it. All of a sudden they need it. And I'm very good at reading language. I did very well in these subjects, OK. And I don't see the word pandemic mentioned. Now in some cases it is, it's an exclusion. But in a lot of cases I don't see it. I don't see it referenced. And they don't want to pay up. I would like to see the insurance companies pay if they need to pay, if it's fair. And they know what's fair, and I know what's fair, I can tell you very quickly. But business interruption insurance, that's getting a lot money to a lot of people. And they've been paying for years, sometimes they just started paying, but you have people that have never asked for business interruption insurance, and they've been paying a lot of money for a lot of years for the privilege of having it, and then when they finally need it, the insurance company says 'we're not going to give it.' We can't let that happen.

<https://youtu.be/cMeG5C9TjU> (last visited on April 17, 2020) (emphasis added).

31. The President is articulating a few core points:
 - a. Business interruption is a common type of insurance.
 - b. Businesses pay in premiums for this coverage and should reasonably expect they'll receive the benefit of the coverage.
 - c. The COVID-19 pandemic should be covered unless there is a specific exclusion for "pandemics."

d. If insurers deny business loss coverage due to the COVID-19 pandemic, they would be acting in bad faith.

32. The Government Authority Orders and proclamations, as they relate to the closure of all “non-life- sustaining businesses,” evidence an awareness on the part of both state and local governments that COVID-19 causes damage to property. This is particularly true for businesses such as Plaintiff’s, where customer or client interaction and personal contact results in a heightened risk of the property becoming contaminated.

IV. Impact on Plaintiff

33. As a result of the Civil Authority Orders referenced herein, Plaintiff was required to shut its doors and cease operation of its trucking school.

34. Plaintiff’s business loss occurred when the State of California issued its March 16, 2020 Shelter In Place Order, directing all “non-essential” businesses to cease operations at physical locations and prohibiting the gatherings of “non-essential” individuals.

35. Prior to March 17, 2020, Plaintiff’s school was open. Plaintiff’s schools are not a closed environment, and people – staff, customers, community members, and others – constantly cycle in and out of the schools. Accordingly, there is an ever-present risk that the Insured Properties are contaminated and would continue to be contaminated.

36. Businesses like the Plaintiff’s trucking school are also more susceptible to being or becoming contaminated, as both respiratory droplets and fomites are more likely to be retained on the Insured Properties and remain viable for far longer.

37. Plaintiff's business is also highly susceptible to rapid person-to-property transmission of the COVID-19 virus, and vice-versa, because the service nature of the business places staff and customers in close proximity to business property and to one another and because the nature of the school's activities results in high level of respiratory droplets and fomites being released into the business property's air .

38. The virus is physically impacting Plaintiff. Any effort by the Defendants to deny the reality that the virus has caused Plaintiff physical loss and damage would constitute a false and potentially fraudulent misrepresentation that could endanger the Plaintiff and the public.

39. A declaratory judgment determining that the coverage provided under the Policy exists and is necessary so as to prevent the Plaintiff from being left without bargained-for insurance coverage required to ensure the survival of the trucking school during and after the shutdown of the business caused by the Civil Authority Orders. As a result of these Orders, Plaintiff has incurred, and continues to incur, among other things, a substantial loss of business income and additional expenses, which losses are covered under the terms of the Policy.

CAUSE OF ACTION

DECLARATORY RELIEF

40. Plaintiff re-alleges and incorporates by reference into this cause of action each and every allegation set forth in each and every paragraph of this Complaint.

41. The Declaratory Judgment Act, 28 U.S.C. § 2201(a), provides that in "a case of actual controversy within its jurisdiction . . . any court of the United States . . . may declare the

rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought.” 28 U.S.C. § 2201(a).

42. An actual controversy has arisen between Plaintiff and the Defendants as to the rights, duties, responsibilities and obligations of the parties under the terms of the Policy in that Plaintiff contends, and on information and belief, the Defendants dispute and deny, that:

- a. The Civil Authority Orders constitute a prohibition of access to Plaintiff’s Insured Properties;
- b. The prohibition of access by the Orders has specifically prohibited access as defined in the Policy;
- c. The Policy’s Exclusion of Loss Due to Virus or Bacteria does not apply to the business losses incurred by Plaintiff here that are proximately caused by the Civil Authority Orders issued in response to the COVID-19 pandemic.
- d. The Orders trigger coverage under the terms of the Policy;
- e. The Policy provides coverage to Plaintiff for any current and future civil authority closures of its business in California due to physical loss\or damage directly or indirectly from the COVID-19 under the Civil Authority coverage parameters;
- f. The Policy provides business income coverage in the event that COVID-19 has directly or indirectly caused a loss or damage at the insured premises or immediate area of the Insured Properties; and
- g. Resolution of the duties, responsibilities and obligation of the parties is necessary as no adequate remedy at law exists and a declaration of the Court is needed to resolve the dispute and controversy.

43. Plaintiff seeks a Declaratory Judgment to determine whether the Orders constitute a prohibition of access to Plaintiff’s Insured Property as Civil Authority as defined in the Policy.

44. Plaintiff further seeks a Declaratory Judgment to affirm that the Order triggers coverage.

45. Plaintiff further seeks a Declaratory Judgment to affirm that the Policy provides coverage to Plaintiff for any current and future loss of Business Income sustained and any Extra Expense incurred as a result of Civil Authority orders requiring closures of insured businesses property in the State of California due to physical loss or damage caused by COVID-19.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff herein prays as follows:

- a. For a declaration that the Civil Authority Orders constitute a prohibition of access to Plaintiff's Insured Property.
- b. For a declaration that the prohibition of access by the Civil Authority Orders constitutes they type of prohibited access as defined in the Policy.
- c. For a declaration that the Civil Authority Orders trigger coverage under the Policy.
- d. For a declaration that the Policy provides coverage to Plaintiff for any current, future and continued Civil Authority closures of its businesses in California due to physical loss or damage directly or indirectly from COVID-19 under the Civil Authority coverage parameters.
- e. For a declaration that the Policy provides business income coverage in the event that COVID-19 has directly or indirectly caused a loss or damage at the Plaintiff's Insured Property or the immediate area of the Plaintiff's Insured Property.
- f. For such other relief as the Court may deem proper.

TRIAL BY JURY IS DEMANDED

Plaintiff hereby demands trial by jury.

Dated: May 26, 2020

Respectfully submitted,
/s/ Neal Moskow
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Counsel for Plaintiff

EXHIBIT 1

Special Multi-Flex Business Insurance Policy



This SPECIAL MULTI-FLEX POLICY is provided by the stock insurance company(s) of The Hartford Insurance Group, shown below.

COMMON POLICY DECLARATIONS



POLICY NUMBER: 20 UUN UX2005 K3
RENEWAL OF: 20 UUN UX2005

**Named Insured and Mailing Address:
 (No., Street, Town, State, Zip Code)**

CONSULTING ADVANTAGE, INC.
 SEE IH1204
 3079 KILGORE RD STE C
 RANCHO CORDOVA, CA 95670
 (SACRAMENTO COUNTY)

Policy Period: From 08/15/19 To 08/15/20
 12:01 A.M., Standard time at your mailing address shown above.

In return for the payment of the premium, and subject to all of the terms of this policy, we agree with you to provide insurance as stated in this policy. The Coverage Parts that are a part of this policy are listed below. The Advance Premium shown may be subject to adjustment.

Total Advance Premium: \$4,590.00

Coverage Part and Insurance Company Summary	Advance Premium
PROPERTY CHOICE HARTFORD FIRE INSURANCE COMPANY ONE HARTFORD PLAZA HARTFORD, CONNECTICUT 06155	\$ 233.00
COMMERCIAL INLAND MARINE HARTFORD FIRE INSURANCE COMPANY ONE HARTFORD PLAZA HARTFORD, CONNECTICUT 06155	\$ 394.00

LISTING OF ADDITIONAL COVERAGE PARTS CONTINUED ON THE FOLLOWING PAGE.

Form Numbers of Coverage Parts, Forms and Endorsements that are a part of this policy and that are not listed in the Coverage Parts.

HM0001 HM00100107SD4 IL00171198 IH09850115 IH12040312 IH99400409
 IH99410409 IL00210908 IL01020505 IL01040907 IL02700811 PC00010109
 HM00200295 HC00100798 HC00200295 HG00040315

Agent/Broker Name: MARSH & MCLENNAN AGENCY LLC

Countersigned by
 (Where required by law)

Suzan L. Castaneda

Authorized Representative

08/09/19
 Date

COMMON POLICY DECLARATIONS (Continued)

POLICY NUMBER: 20 UUN UX2005

ADDITIONAL COVERAGE PARTS (CONTINUED)

COVERAGE PART AND INSURANCE COMPANY SUMMARY	ADVANCE PREMIUM
COMMERCIAL GENERAL LIABILITY	
EMPLOYEE BENEFITS LIABILITY	
EDUCATOR'S PROFESSIONAL CHOICE INSURANCE	
HARTFORD FIRE INSURANCE COMPANY	
ONE HARTFORD PLAZA	
HARTFORD, CONNECTICUT 06155	\$3,963.00

COMMON POLICY DECLARATIONS (CONTINUED)



POLICY NUMBER: 20 UUN UX2005

SUPPLEMENTAL DECLARATIONS:

A service fee of \$ 7.00 is charged for each installment when your premium is paid in installments. The service fee is \$ 5.00 per withdrawal when you select an electronic funds transfer payment plan. The service fee will be added to the premium amount shown on your premium billing statement.



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

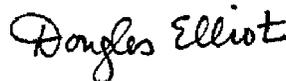
Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

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.

Our President and Secretary have signed this policy. Where required by law, the Declarations page has also been countersigned by our duly authorized representative.



Lisa Levin, Secretary



Douglas Elliot, President

POLICY NUMBER: 20 JUN UX2005



THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT.

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

TERRORISM PREMIUM	
Coverage:	Premium (if Covered):
PROPERTY	\$ 8.00
GENERAL LIABILITY	\$ 37.00
INLAND MARINE	\$ 4.00
TOTAL	\$ 49.00

A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, as amended (TRIA), we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for "certified acts of terrorism" under TRIA. The portion of your premium attributable to such coverage is shown above in this endorsement.

B. The following definition is added with respect to the provisions of this endorsement:

A "certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of TRIA, to be an act of terrorism under TRIA. The criteria contained in TRIA for a "certified act of terrorism" include the following:

1. The act results in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to TRIA; and
2. The act results in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of an United States mission; and
3. 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. Disclosure Of Federal Share Of Terrorism Losses Under TRIA

The United States Department of the Treasury will reimburse insurers for a portion of such insured losses as indicated in the table below that exceeds the applicable insurer deductible:

Calendar Year	Federal Share of Terrorism Losses
2015	85%
2016	84%
2017	83%
2018	82%
2019	81%
2020 or later	80%

However, if aggregate insured losses attributable to "certified acts of terrorism" under TRIA exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion. The United States Government has not charged any premium for their participation in covering terrorism losses.

D. Cap On Insurer Liability for Terrorism Losses Under TRIA

If aggregate insured losses attributable to "certified acts of terrorism" under TRIA exceed \$100 billion in a calendar year and we have met, or will meet, our insurer deductible under TRIA we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion. In such case, your coverage for terrorism losses may be reduced on a pro-rata basis in accordance with procedures established by the Treasury, based on its estimates of aggregate industry losses and our estimate that we will exceed our insurer deductible. In accordance with Treasury procedures, amounts paid for losses may be subject to further adjustments based on differences between actual losses and estimates.

E. Application of Other Exclusions

The terms and limitations of any terrorism exclusion, the inapplicability or omission of a terrorism exclusion, or the inclusion of terrorism coverage, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Form, Coverage Part or Policy.

F. All other terms and conditions remain the same.

POLICY NUMBER: 20 UUN UX2005



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**AMENDMENT OF THE DECLARATIONS - ADDITIONAL
PERSONS OR ORGANIZATIONS DESIGNATED AS NAMED
INSUREDS**

The following person(s) or organization(s) are added to the Declarations as Named Insureds:

CONSULTING ADVANTAGE, INC.
DBA TDA EDUCATIONAL ADVANTAGE, INC.
DBA TRUCK DRIVING ACADEMY
CHARLES J. GRANT & MANUEL J. SEQUEIRA DBA TRUCK DRIVING ACADEMY



U.S. DEPARTMENT OF THE TREASURY, OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

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 the United States. **Please read this Notice carefully.**

The Office of Foreign Assets Control ("OFAC") of the U.S. Department of the Treasury administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy or economy of the United States. OFAC acts under Presidential national emergency powers, as well as authority granted by specific legislation, to impose controls on transactions and freeze assets under U.S. jurisdiction. OFAC publishes a list of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries. It also lists individuals, groups, and entities, such as terrorists and narcotics traffickers designated under programs that are not country-specific. Collectively, such individuals and companies are called "Specially Designated Nationals and Blocked Persons" or "SDNs". Their assets are blocked and U.S. persons are generally prohibited from dealing with them. This list can be located on OFAC's web site at – <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 an SDN, as identified by OFAC, the policy is a blocked contract and all dealings with it must involve 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.



Named Insured: CONSULTING ADVANTAGE, INC.

Policy Number: 20 JUN UX2005

Effective Date: 08/15/19

Expiration Date: 08/15/20

Company Name: HARTFORD FIRE INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TRADE OR ECONOMIC SANCTIONS ENDORSEMENT

This insurance does not apply to the extent that trade or economic sanctions or other laws or regulations prohibit us from providing insurance, including, but not limited to, the payment of claims.

All other terms and conditions remain unchanged.

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".

"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.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES - ACTUAL CASH VALUE

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

With respect to an "open policy", the following are added to any provision which uses the term actual cash value:

- A.** In the event of a total loss to a building or structure, actual cash value is calculated as the lesser of the following:
 - 1. The Limit of Insurance applicable to that building or structure; or
 - 2. The fair market value of the building or structure.
- B.** In the event of a partial loss to a building or structure, actual cash value is calculated as the lesser of the following:
 - 1. The amount it would cost to repair, rebuild or replace the property less a fair and reasonable deduction for physical depreciation of the components of the building or structure that are normally subject to repair or replacement during its useful life. Physical depreciation is based upon the condition of the property at the time of the loss; or
 - 2. The Limit of Insurance applicable to the property.
- C.** In the event of a partial or total loss to Covered Property other than a building or structure, actual cash value is calculated as the lesser of the following:
 - 1. The amount it would cost to repair or replace the property less a fair and reasonable deduction for physical depreciation, based on the condition of the property at the time of loss; or
 - 2. The Limit of Insurance applicable to the property.
- D.** An "open policy" is a policy under which the value of Covered Property is not fixed at policy inception, but is determined at the time of loss in accordance with policy provisions on valuation. The term "open policy" does not apply to Covered Property that is subject to an Agreed Value clause or similar clause that establishes an agreed value prior to loss, unless such clause has expired.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART - FARM PROPERTY - OTHER FARM PROVISIONS FORM - ADDITIONAL
 COVERAGES, CONDITIONS, DEFINITIONS
 FARM COVERAGE PART - LIVESTOCK COVERAGE FORM
 FARM COVERAGE PART - MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM
 STANDARD PROPERTY POLICY

- A.** When this endorsement is attached to the Standard Property Policy **CP 00 99** the term Coverage Part in this endorsement is replaced by the term Policy.
- B.** The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following with respect to loss ("loss") or damage caused by fire:
- We do not provide coverage to the insured ("insured") who, whether before or after a loss ("loss"), has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:
1. This Coverage Part;
 2. The Covered Property;
 3. That insured's ("insured's") interest in the Covered Property; or
 4. A claim under this Coverage Part or Coverage Form.
- C.** The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following with respect to loss ("loss") or damage caused by a Covered Cause of Loss other than fire:
- This Coverage Part is void if any insured ("insured"), whether before or after a loss ("loss"), has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:
1. This Coverage Part;
 2. The Covered Property;
 3. An insured's ("insured's") interest in the Covered Property; or
- 4.** A claim under this Coverage Part or Coverage Form.
- D.** Except as provided in **E.**, the **Appraisal** Condition is replaced by the following:
- If we and you disagree on the value of the property or the amount of loss ("loss"), either may make written request for an appraisal of the loss ("loss"). If the request is accepted, each party will select a competent and impartial appraiser. Each party shall notify the other of the appraiser selected within 20 days of the request. The two appraisers will select an umpire. If they cannot agree within 15 days, 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 ("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:
1. Pay its chosen appraiser; and
 2. 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.
- E.** The **Appraisal** Condition in:
1. Business Income (And Extra Expense) Coverage Form **CP 00 30**; and
 2. Business Income (Without Extra Expense) Coverage Form **CP 00 32**;
- is replaced by the following:

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written request for an appraisal of the loss. If the request is accepted, each party will select a competent and impartial appraiser. Each party shall notify the other of the appraiser selected within 20 days of the request. The two appraisers will select an umpire. If they cannot agree within 15 days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or 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.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA 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 **2.**, **3.** and **5.** of the **Cancellation** Common Policy Condition are replaced by the following:

2. All Policies In Effect For 60 Days Or Less:

If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

- a.** 10 days before the effective date of cancellation if we cancel for:
 - (1)** Nonpayment of premium; or
 - (2)** Discovery of fraud by:
 - (a)** Any insured or his or her representative in obtaining this insurance; or
 - (b)** You or your representative in pursuing a claim under this policy.
- b.** 30 days before the effective date of cancellation if we cancel for any other reason.

3. All Policies In Effect For More Than 60 Days

- a.** 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 upon the occurrence, after the effective date of the policy, of one or more of the following:
 - (1)** Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.
 - (2)** Discovery of fraud or material misrepresentation by:
 - (a)** Any insured or his or her representative in obtaining this insurance; or
 - (b)** You or your representative in pursuing a claim under this policy.
 - (3)** A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.

- (4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.
 - (5) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.
 - (6) A determination by the Commissioner of Insurance that the:
 - (a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or
 - (b) Continuation of the policy coverage would:
 - (i) Place us in violation of California law or the laws of the state where we are domiciled; or
 - (ii) Threaten our solvency.
 - (7) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.
- b. We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, at least:
- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium or discovery of fraud; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason listed in Paragraph 3. a.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. The refund, if any, will be computed on a pro rata basis. However, the refund may be less than pro rata if we made a loan to you for the purpose of payment of premiums for this policy.

The cancellation will be effective even if we have not made or offered a refund.

- B. The following provision is added to the **Cancellation** Common Policy Condition:

7. Residential Property

This provision applies to coverage on real property which is used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal property in a residential unit, if such coverage is written under one of the following:

Commercial Property Coverage Part

Farm Coverage Part - Farm Property - Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

- a. If such coverage has been in effect for 60 days or less, and is not a renewal of coverage we previously issued, we may cancel this coverage for any reason, except as provided in **b.** and **c.** below.
- b. We may not cancel this policy solely because the first Named Insured has:
 - (1) Accepted an offer of earthquake coverage; or
 - (2) Cancelled or did not renew a policy issued by the California Earthquake Authority (CEA) that included an earthquake policy premium surcharge.

However, we shall cancel this policy if the first Named Insured has accepted a new or renewal policy issued by the CEA that includes an earthquake policy premium surcharge but fails to pay the earthquake policy premium surcharge authorized by the CEA.

- c. We may not cancel such coverage solely because corrosive soil conditions exist on the premises. This restriction (**c.**) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:
 - (1) Commercial Property Coverage Part - Causes Of Loss - Special Form; or
 - (2) Farm Coverage Part - Causes of Loss Form - Farm Property, Paragraph **D.** Covered Causes of Loss - Special.

- C. The following is added and supersedes any provisions to the contrary:

Nonrenewal

1. Subject to the provisions of Paragraphs **C.2.** and **C.3.** below, if we elect not to renew this policy, we will mail or deliver written notice, stating the reason for nonrenewal, to the first Named Insured shown in the Declarations, and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date.

We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the policy.

2. Residential Property

This provision applies to coverage on real property used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household property contained in a residential unit, if such coverage is written under one of the following:

Commercial Property Coverage Part

Farm Coverage Part - Farm Property - Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form.

- a. We may elect not to renew such coverage for any reason, except as provided in **b.**, **c.** and **d.** below.
- b. We will not refuse to renew such coverage solely because the first Named Insured has accepted an offer of earthquake coverage.

However, the following applies only to insurers who are associate participating insurers as established by Cal. Ins. Code Section 10089.16. We may elect not to renew such coverage after the first Named Insured has accepted an offer of earthquake coverage, if one or more of the following reasons applies:

- (1) The nonrenewal is based on sound underwriting principles that relate to the coverages provided by this policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;

- (2) The Commissioner of Insurance finds that the exposure to potential losses will threaten our solvency or place us in a hazardous condition. A hazardous condition includes, but is not limited to, a condition in which we make claims payments for losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policyholder surplus of at least 25% for payment of those claims; or

- (3) We have:

- (a) Lost or experienced a substantial reduction in the availability or scope of reinsurance coverage; or
- (b) Experienced a substantial increase in the premium charged for reinsurance coverage of our residential property insurance policies; and

the Commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in our reinsurance position.

- c. We will not refuse to renew such coverage solely because the first Named Insured has cancelled or did not renew a policy, issued by the California Earthquake Authority, that included an earthquake policy premium surcharge.
- d. We will not refuse to renew such coverage solely because corrosive soil conditions exist on the premises. This restriction (**d.**) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:
- (1) Commercial Property Coverage Part - Causes Of Loss - Special Form; or
- (2) Farm Coverage Part - Causes Of Loss Form - Farm Property, Paragraph **D.** Covered Causes Of Loss - Special.
3. We are not required to send notice of nonrenewal in the following situations:
- a. If the transfer or renewal of a policy, without any changes in terms, conditions or rates, is between us and a member of our insurance group.

- b.** If the policy has been extended for 90 days or less, provided that notice has been given in accordance with Paragraph **C.1.**
- c.** If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.
- d.** If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.
- e.** If the first Named Insured requests a change in the terms or conditions of risks covered by the policy within 60 days of the end of the policy period.
- f.** If we have made a written offer to the first Named Insured, in accordance with the timeframes shown in Paragraph **C.1.**, to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.



QUICK REFERENCE

PROPERTY CHOICE COVERAGE PART

Property Choice Conditions and Definitions

- | | |
|--|--|
| <p>A. General Conditions</p> <ol style="list-style-type: none"> 1. Abandonment 2. Application of Waiting Period 3. Appraisal 4. Claim Settlement 5. Concealment, Misrepresentation or Fraud 6. Control of Property 7. Coverage Territory 8. Equipment Breakdown - Suspension 9. Equipment Breakdown - Inspection 10. If Two or More Coverages Apply 11. Legal Action Against Us 12. Liberalization 13. Loss Payee - Standard 14. Mortgageholders and Lender Loss Payees 15. Contract of Sale and Building Owner Loss Payable Clauses 16. No Benefit to Bailee 17. Other Insurance 18. Policy Period 19. Recovered Property 20. Standard Fire Policy 21. Transfer of Rights (Subrogation) <p>B. General Duties in Event of Loss</p> <ol style="list-style-type: none"> 1. Your Duties <ol style="list-style-type: none"> a. Notify Police b. Notify Us | <ol style="list-style-type: none"> c. Protect Property d. Take Inventory e. Permit us to Inspect Property, Books and Records f. Proof of Loss g. Cooperate h. Resumption of Business <p>2. Our Right - Examine You Under Oath</p> <p>C. General Definitions</p> <ol style="list-style-type: none"> 1. Building Glass 2. Computer Equipment 3. Electronic Data 4. Fungus 5. Money 6. Policy Year 7. Pollutants and Contaminants 8. Scheduled Premises 9. Securities 10. Sinkhole Collapse 11. Specified Causes of Loss 12. Sprinkler Leakage 13. Stock 14. Tenant Improvements and Betterments 15. Theft 16. Valuable Papers 17. Volcanic Action |
|--|--|

Property Choice Coverage Form

- | | |
|---|---|
| <p>A. Coverage</p> <ol style="list-style-type: none"> 1. Covered Property Definitions <ol style="list-style-type: none"> a. Building b. Business Personal Property 2. Property Not Covered 3. Covered Causes of Loss - See separate form <p>B. Exclusions - See separate form</p> | <p>C. Limits of Insurance</p> <p>D. Deductible</p> <p>E. Loss Payment and Valuation Conditions</p> <ol style="list-style-type: none"> 1. Replacement Cost 2. Actual Cash Value 3. Specific Property Valuations <ol style="list-style-type: none"> a. Accounts Receivable b. Animals |
|---|---|

- c. Building Glass
- d. Electronic Data and Valuable Papers
- e. Fine Arts
- f. Party Wall
- g. Property of Others
- h. Stock
- i. Tenant Improvements and Betterments
- j. Transit
- k. Vehicles
- 4. Value Enhancements
 - a. Architect and Engineering Fees
 - b. Customs Duty, Sales Tax
 - c. Extended Warranties

Property Choice - Specialized Property Insurance Coverages

Section A. Additional Coverages

- 1. Accounts Receivable
- 2. Brands and Labels
- 3. Building Glass Repairs
- 4. Business Travel Including Sales Representative Samples
- 5. Claim Expenses
- 6. Contract Penalties
- 7. Debris Removal
- 8. Employee Personal Effects
- 9. Errors in Description
- 10. Exhibitions
- 11. Extra Expense and Expediting Expenses
- 12. Fine Arts
- 13. Fire Department Service Charge
- 14. Fire Device Recharge
- 15. Fungus, Wet Rot, Dry Rot, Bacteria and Virus - Limited Coverage
- 16. Inflation Guard
- 17. Installment or Deferred Sales
- 18. Loss of Master Key

- 19. New Construction at Scheduled Premises
- 20. Newly Acquired Property
- 21. Non-Owned Detached Trailers
- 22. Ordinance or Law
- 23. Outdoor Trees, Shrubs, Sod, Plants and Lawns
- 24. Pairs or Sets
- 25. Pollutants and Contaminants Clean Up
- 26. Preservation of Property
- 27. Rewards
- 28. Sewer and Drain Backup
- 29. Transit
- 30. Transition to Replacement Premises
- 31. Unnamed Premises
- 32. Utility Service Interruption
- 33. Water Damage Building Tear Out and Repair
- 34. Water Seepage
- 35. Windblown Debris

Section B. - Combined Additional Protection

Section C. - Tenant Lease Coverage

Property Choice - Covered Causes of Loss and Exclusions Form

A. Covered Causes of Loss

B. Exclusions

- 1. a. Acts Errors or Omissions
- b. Workmanship and Repair
- c. Animals
- d. Collapse (Related to Earthquake or Flood)
- e. Earth Movement
- f. Water
- g. Fungus, Wet Rot, Dry Rot, Bacteria or Virus
- h. Governmental Action
- i. Nesting or Infestation
- j. Nuclear Hazard

- k. Ordinance or Law
- l. Pathogenic or Poisonous Biological or Chemical Materials
- m. Pollutants and Contaminants
- n. Utility Services Interruption
- o. War and Military Action
- 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
 - b. Accounting Errors
 - c. Changes of Temperature, Dampness or Dryness
 - d. Delay, Loss of Use or Loss of Market

- e. Dishonest Acts
- f. Docks, Piers, Wharves
- g. Electronic Vandalism or Corruption of "Electronic Data" or Corruption of "Computer Equipment"
- h. Loss Due To By-Products of Production or Processing Operations
- i. Mechanical Breakdown
- j. Missing Property
- k. Neglect to Protect Property
- l. Rain, Snow, Ice, Sleet to Property in the Open
- m. Settling, Cracking to Buildings or Structures
- n. Smoke (agricultural or Industrial)
- o. Steam Explosions
- p. Testing
- q. Unauthorized Transfer of Property
- r. Voluntary Parting

3. We will not pay for loss or damage caused by or resulting from any of the following. But if direct physical loss or direct physical damage to Covered Property by a Covered Cause of Loss results, we will pay for the resulting loss or damage caused by that Covered Cause of Loss.

- a. Wear and tear, or change in color, texture, or finish;
- b. Rust, corrosion, decay, or deterioration;
- c. Hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- d. Maintenance;
- e. Smog; or
- f. Shrinkage, evaporation, or loss of weight of Stock.

C. Limitations

PROPERTY CHOICE COVERAGE PART - DECLARATIONS



POLICY NUMBER: 20 UUN UX2005

This **PROPERTY CHOICE COVERAGE PART** consists of:

- A. This Declarations;
- B. Property Choice Schedule of Premises and Coverages;
- C. Property Choice Conditions and Definitions;
- D. Property Choice Coverage Form;
- E. Property Choice Specialized Property Insurance Coverages;
- F. Property Choice Covered Causes of Loss and Exclusions Form; and
- G. Any other Coverage Forms, Conditions Forms, Endorsements and Schedules issued to be a part of this Coverage Part and listed below.

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

Throughout this Coverage Part 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 Definitions found in the Property Choice Conditions and Definitions (Form Number PC 00 90).

ADVANCE PREMIUM: \$233.00

AUDIT PERIOD:

Except in this Declarations, when we use the word "Declarations" in this Coverage Part, we mean this "Property Choice Declarations" or the "Common Policy Declarations".

All Schedules listed on this Declarations are part of this Declarations.

Form Numbers of Coverage Forms, Endorsements, and Schedules that are a part of this Coverage Part:

PC00910118 PC00020118T PC50170118 PC20230109 PC00900118 IH09400115
PC26020118 PC00100118 PC00200118 PC00300113 PC10100118 PC10720118
PC10830118 PC20440118 PC00970109 PC00500118 PC30040811 PC30600699
PC31040310

**PROPERTY CHOICE - SCHEDULE OF
PREMISES AND COVERAGES**



POLICY NUMBER: 20 UUN UX2005

COVERAGE AND LIMITS OF INSURANCE

INSURANCE APPLIES ON A BLANKET BASIS ONLY TO A COVERAGE FOR WHICH A LIMIT OF INSURANCE IS SHOWN BELOW IN THE BLANKET DESCRIPTION OF COVERAGE OR PROPERTY. THE MAXIMUM WE WILL PAY FOR LOSS OR DAMAGE IN ANY ONE OCCURRENCE IS THE SMALLEST APPLICABLE LIMIT OF INSURANCE SHOWN IN THE DECLARATIONS, SCHEDULES, OR ENDORSEMENT(S).

BLANKET DESCRIPTION OF COVERAGE OR PROPERTY

FOR INSURANCE THAT APPLIES TO A SPECIFIC INSURED PREMISES SEE: PROPERTY CHOICE - SCHEDULED PREMISES.

LIMIT(S) OF INSURANCE
IN ANY ONE OCCURRENCE

BUSINESS PERSONAL PROPERTY \$5,000

VALUATION PROVISION:

REPLACEMENT COST (SUBJECT TO LIMITATIONS) APPLIES TO THE TYPES OF COVERED PROPERTY INSURED UNDER THIS POLICY. FOR VALUATION THAT APPLIES TO A SPECIFIC PREMISES SEE: PROPERTY CHOICE - SCHEDULED PREMISES.

PROPERTY CHOICE - BUSINESS INTERRUPTION - BLANKET DESCRIPTION OF COVERAGE

FOR INSURANCE THAT APPLIES TO A SPECIFIC PREMISES SEE: PROPERTY CHOICE - SCHEDULED PREMISES.

LIMITS OF INSURANCE
IN ANY ONE OCCURRENCE

BUSINESS INCOME AND EXTRA EXPENSE: \$25,000
72 HOUR WAITING PERIOD APPLIES
PAYROLL IS INCLUDED

PROPERTY CHOICE - SCHEDULE OF PREMISES AND COVERAGES (continued)

POLICY NUMBER: 20 UUN UX2005

LIMITS OF INSURANCE

CFC REFRIGERANTS:	INCLUDED IN THE LIMIT OF INSURANCE APPLICABLE TO EQUIPMENT BREAKDOWN
HAZARDOUS SUBSTANCES:	\$100,000
SPOILAGE:	\$100,000
EXPEDITING EXPENSES:	\$100,000

 DEDUCTIBLES

FOR DEDUCTIBLES THAT APPLY TO A SPECIFIC PREMISES SEE: PROPERTY CHOICE - SCHEDULED PREMISES.

THE FOLLOWING DEDUCTIBLE(S) SHALL APPLY TO LOSS OR DAMAGE:

BY COVERED LOSS,
 IN ANY ONE OCCURRENCE: \$2,500

 PROPERTY CHOICE - SCHEDULED PREMISES

THE FOLLOWING LIMITS OF INSURANCE APPLY IN ANY ONE OCCURRENCE UNLESS OTHERWISE STATED.

* * * * *

PREMISES NO. 2

ADDRESS:

1250 MARKET ST STE A
 YUBA CITY, CA 95991
 SUTTER COUNTY

OCCUPANCY: CLASSROOM

PROPERTY CHOICE



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROPERTY CHOICE - SPECIALIZED PROPERTY INSURANCE COVERAGES FOR COLLEGES AND SCHOOLS

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered. Words and phrases that appear in quotation marks have special meaning. Refer to Form PC 00 90 **PROPERTY CHOICE CONDITIONS AND DEFINITIONS** for definitions.

SUMMARY of COVERAGE LIMITS and INDEX

This is a summary of the limits of insurance and coverages provided by this endorsement.
No coverage is provided by this summary.

Item No.	PROPERTY CHOICE COVERAGE FORM SECTION A. - ADDITIONAL COVERAGES	LIMIT OF INSURANCE (Apply in any one occurrence unless otherwise noted)
1.	ACCOUNTS RECEIVABLE:	\$250,000 at all "Scheduled Premises"; while in the due course of Transit; or while at Unnamed Premises.
2.	BRANDS AND LABELS:	Included in the Limit of Insurance applicable to Business Personal Property - Stock.
3.	BUILDING GLASS REPAIRS:	Included In the Building Limit of Insurance.
4.	BUSINESS TRAVEL INCLUDING SALES REPRESENTATIVE SAMPLES:	\$50,000.
5.	CLAIM EXPENSES:	\$50,000.
6.	CONTRACT PENALTIES:	\$50,000.
7.	DEBRIS REMOVAL - (ADDITIONAL AMOUNT):	\$250,000.
8.	EMPLOYEE PERSONAL EFFECTS:	\$50,000.
9.	ERRORS IN DESCRIPTION:	See provision.
10.	EXHIBITIONS:	\$50,000. At any one Exhibition.
11.	EXTRA EXPENSE AND EXPEDITING EXPENSES (OTHER THAN EQUIPMENT BREAKDOWN EXPEDITING EXPENSES):	\$100,000.
12.	FINE ARTS:	\$50,000.
13.	FIRE DEPARTMENT SERVICE CHARGE:	\$50,000.
14.	FIRE DEVICE RECHARGE:	\$50,000.
15.	FUNGUS, WET ROT, DRY ROT, BACTERIA AND VIRUS - LIMITED COVERAGE:	\$50,000. At Each Premises in any one "Policy Year".
16.	INFLATION GUARD:	Consumer Price Index up to 8%.
17.	INSTALLMENT OR DEFERRED SALES:	Up to \$50,000.
18.	LOSS OF MASTER KEY	\$25,000.
19.	NEW CONSTRUCTION AT SCHEDULED PREMISES:	\$1,000,000.
20.	NEWLY ACQUIRED PROPERTY: BUILDINGS:	\$2,000,000.
	NEWLY ACQUIRED PROPERTY: BUSINESS PERSONAL PROPERTY:	\$1,000,000.
21.	NON OWNED DETACHED TRAILERS:	\$50,000.
22.	ORDINANCE OR LAW COVERAGE A (VALUE OF THE UNDAMAGED BUILDING):	Included in the Limit of Insurance applicable to Building.

	ORDINANCE OR LAW COVERAGES B & C (DEMOLITION & INCREASED COST OF CONSTRUCTION):	\$1,000,000.
23.	OUTDOOR TREES, SHRUBS, SOD, PLANTS AND LAWNS:	\$50,000.
24.	PAIRS AND SETS:	Included in the Limit of Insurance applicable to Business Personal Property - Stock.
25.	POLLUTANTS AND CONTAMINANTS CLEANUP:	\$50,000. at each "Scheduled Premises" in any one "Policy Year".
26.	PRESERVATION OF PROPERTY:	180 days.
27.	REWARD COVERAGE:	\$50,000.
28.	SEWER AND DRAIN BACKUP:	Included in the Limit of Insurance.
29.	TRANSIT:	\$100,000.
30.	TRANSITION TO REPLACEMENT PREMISES:	Included within the Limit of Insurance applicable to the Covered Property that is moved.
31.	UNNAMED PREMISES: AT ALL UNNAMED PREMISES: BUILDINGS:	\$100,000.
	UNNAMED PREMISES: AT ALL UNNAMED PREMISES: BUSINESS PERSONAL PROPERTY:	\$100,000.
	UNNAMED PREMISES: AT ALL UNNAMED PREMISES: BUSINESS PERSONAL PROPERTY -INSTALLATION:	\$25,000. At any one Installation.
32.	UTILITY SERVICE INTERRUPTION:	\$25,000.
33.	WATER DAMAGE BUILDING TEAR OUT AND REPAIR:	Included.
34.	WATER SEEPAGE:	\$25,000.
35.	WIND BLOWN DEBRIS:	\$2,500.
36.	ADDITIONAL COVERED PROPERTY:	Included.
37.	ANIMALS:	\$25,000.
38.	ATHLETIC UNIFORMS, BAND UNIFORMS, AND THEATRE COSTUMES:	\$100,000.
39.	BUSINESS INCOME FROM AUXILIARY OPERATIONS:	\$25,000.
40.	FACULTY PERSONAL EFFECTS:	Included In Employee Personal Effects.
41.	HARVESTED CROPS:	\$25,000.
42.	MUSICAL INSTRUMENTS:	\$100,000.
43.	PERSONAL EFFECTS OF STUDENTS - SUBLIMIT OF \$5,000 PER STUDENT:	\$100,000.
	SECTION B. - COMBINED ADDITIONAL PROTECTION:	Up to \$500,000.
	SECTION C. - TENANT LEASE COVERAGES:	
1.	BUILDING GLASS:	Included in Business Personal Property Limit.
2.	LEASE ASSESSMENT:	\$2,500.
3.	LEASEHOLD IMPROVEMENTS:	\$25,000.
4.	MISCELLANEOUS INTERIOR BUILDING PROPERTY:	\$25,000.
5.	THEFT DAMAGE:	Included in Business Personal Property Limit.

6.	LEGAL LIABILITY - BUILDING COVERAGE FORM (PC 00 30) ATTACHES TO AND FORMS PART OF THIS POLICY LEGAL LIABILITY - BUILDING LIMIT OF INSURANCE:	\$25,000. In any one accident.
	SECTION D. - PROPERTY CHOICE COMMON CRIME COVERAGE FORM IS ADDED: EMPLOYEE THEFT: FORGERY OR ALTERATION: MONEY ORDERS AND COUNTERFEIT PAPER CURRENCY: INSIDE THE PREMISES THEFT OF MONEY AND SECURITIES: OUTSIDE THE PREMISES - THEFT OF MONEY AND SECURITIES:	\$100,000. \$25,000. \$25,000. \$50,000. \$25,000.

SECTION A. - ADDITIONAL COVERAGES

The following Additional Coverages are added to the Property Choice Coverage Form unless otherwise indicated in the Property Choice Schedule of Premises and Coverages or by endorsement to this policy.

For Insurance that may apply to a Specific Scheduled Premises see: Property Choice Schedule of Premises and Coverage - Scheduled Premises section.

1. ACCOUNTS RECEIVABLE

Coverage: We will pay for direct physical loss or direct physical damage caused by or resulting from a Covered Cause of Loss to your records of Accounts Receivable. Accounts Receivable, means all amounts due from your customers that you are unable to collect; due to a covered direct physical loss or covered direct physical damage to inscribed, printed, written or electronic records of accounts receivable. We will also pay for:

- a. Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- b. Collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage; and
- c. Other reasonable expenses that you incur to re-establish your records of accounts receivable.

Limit of Insurance: The most we will pay for all direct physical loss or direct physical damage to records of Accounts Receivable in any one occurrence is \$250,000 at all "Scheduled Premises"; while in the due course of Transit; or while at Unnamed Premises. This is an additional amount of Insurance.

2. BRANDS AND LABELS

Coverage: In the event of covered direct physical loss or covered direct physical damage to "Stock",

and "Stock" is Covered Property that is branded or labeled, we will take all or part of the damaged "stock" at an agreed or appraised value. This will include:

- a. Expenses incurred to:
 - (1) Stamp salvage on the "Stock" or its containers, if the stamp will not physically damage the merchandise; or
 - (2) Remove the brands or labels, if doing so will not physically damage the "Stock". You must relabel the "Stock" and its containers to comply with the law.
- b. Any reduction in the salvage value of the damaged "Stock" as the result of the removal of the brand or label.

Limit of Insurance: The most we will pay under this Additional Coverage - Brands and Labels in any one occurrence is the limit of insurance applicable to Business Personal Property - "stock" where the direct physical loss or direct physical damage occurred.

3. "BUILDING GLASS" REPAIRS

Coverage: In the event of covered direct physical loss or covered direct physical damage to "Building Glass", we will pay in any one occurrence your expenses to:

- a. Install temporary plates or board up openings if repair or replacement of damaged "Building Glass" is delayed.
- b. Make necessary repairs or replace the frames immediately encasing the damaged "Building Glass".

Limit of Insurance: This Additional Coverage is included within the Limit of Insurance applicable to Building(s) where the direct physical loss or direct physical damage occurred.

4. BUSINESS TRAVEL INCLUDING SALES REPRESENTATIVE SAMPLES

Coverage: If a limit of insurance is shown in the Property Choice Schedule of Premises and Coverages for Business Personal Property, then we will pay for direct physical loss or direct physical damage by a Covered Cause of Loss to Business Personal Property including Sales Representative Samples while in the custody of:

- a. Your sales representatives; or
- b. Any officer, employee or yourself;

while traveling anywhere in the world on authorized company business.

With respect to the coverage provided under this Additional Coverage - Business Travel, the Coverage Territory General Condition found in the Property Choice Conditions and Definitions form does not apply.

Business Travel Coverage does not include property owned by and for exclusive personal use by you or your officers, partners, employees, residents or students.

Property eligible for Business Travel Coverage is not eligible under any other Coverage in this Coverage Form.

Limit of Insurance: The most we will pay for direct physical loss or direct physical damage to Business Travel Including Sales Representative Samples in any one occurrence is \$50,000. This is an additional limit of insurance.

5. CLAIM EXPENSES

Coverage: You may extend the insurance provided by this Coverage Form to apply to the actual, necessary and reasonable expenses you incur in preparing claim data when we require it. Claim expenses as used in this Additional Coverage means the cost of taking inventories, making appraisals and preparing other documents that we request in writing to you.

Limit of Insurance: The most we will pay in any one occurrence for the preparation of claim data under this Additional Coverage is \$50,000. This is an additional amount of insurance.

We will not pay for any expenses incurred, directed or billed by and payable to insurance agents, brokers, adjusters or their affiliates or subsidiaries or any costs as provided in or incurred due to the GENERAL CONDITION - Appraisal.

6. CONTRACT PENALTIES

Coverage: We will pay for written contract penalties you are required to pay due to your failure to provide your product or service which is the direct result of a Covered Cause of Loss during the policy period to "Stock" and "Stock" is Covered Property under this Coverage Part.

Limit of Insurance: The most we will pay for all penalties in any one occurrence resulting from a Covered Cause of Loss is \$50,000. This is an additional amount of insurance.

7. DEBRIS REMOVAL

a. Coverage: 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 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. This additional coverage does not apply to:

- (1) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;
- (2) Remove property of others of a type that would not be Covered Property under this Coverage Form;
- (3) Remove deposits of mud or earth from the grounds of the described premises;
- (4) Costs to extract "pollutants" from land or water; or
- (5) Costs to remove restore or replace polluted land or water.

b. Limit of Insurance:

- (1) Payment for Debris Removal is included within the applicable Limit of Insurance shown in the Property Choice Schedule of Premises and Coverages for the damaged Covered Property. The most we will pay under this Additional Coverage is 25% of the amount that we pay for the direct physical loss of or direct physical damage to Covered Property, plus the deductible in this policy applicable to that loss or damage.
- (2) When the debris removal expense exceeds the above 25% limitation or the sum of loss or damage to Covered Property and the expense for removal of the Covered Property debris exceeds the applicable Limit of Insurance for the damaged Covered Property, we will pay an additional amount for debris removal expense of up to \$250,000 in total at all "Scheduled Premises" in any one occurrence.
- (3) However, if no Covered Property has sustained direct physical loss or direct physical 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 "Scheduled Premises".

8. EMPLOYEE PERSONAL EFFECTS

Coverage: If a limit of insurance is shown in the Property Choice Schedule of Premises and Coverages for Business Personal Property, then we will pay for direct physical loss or direct physical damage caused by or resulting from a Covered Cause of Loss to your Employee Personal Effects at a "Scheduled Premises". Employee Personal Effects means personal effects owned by you or your officers, partners, employees, members, or managers and used exclusively by the individual owner for their own personal use such as personally owned laptops, Personal Digital Assistants and cell phones. This coverage does not apply at a place of residence.

Limit of Insurance: The most we will pay in total in any one occurrence for all direct physical loss or direct physical damage to all employee personal effects is \$50,000. We will not pay more than \$25,000 in total for direct physical loss or direct physical damage to personal effects belonging to any one employee in any one occurrence regardless of the number or types of personal effects lost or damaged.

Coverage for Employee Personal Effects is extended to apply up to 1000 feet outside the "Scheduled Premises" boundary.

This is an additional limit of insurance.

9. ERRORS IN DESCRIPTION

Any unintentional error in the description of the occupancy or location address of Covered Property will not impair this insurance, provided you report the error to us as soon as the error becomes known to you.

10. EXHIBITIONS

Coverage: If a limit of insurance is shown in the Property Choice Schedule of Premises and Coverages for Business Personal Property, then we will pay for direct physical loss or direct physical damage caused by or resulting from a Covered Cause of Loss to Business Personal Property while on temporary public display, or being used, at fairs, exhibitions, expositions or trade shows or while in transit to and from these temporary sites.

With respect to the coverage provided under this Additional Coverage - Exhibitions, the Coverage Territory General Condition found in the Property Choice Conditions and Definitions form does not apply.

Limit of Insurance: The most we will pay for all direct physical loss or direct physical damage at any one exhibition is \$50,000. This is an additional limit of insurance. Property eligible for Exhibitions Coverage is not eligible under any other Coverage of this Coverage Form.

11. EXTRA EXPENSE AND EXPEDITING EXPENSES (OTHER THAN EQUIPMENT BREAKDOWN EXPEDITING EXPENSES)

Coverage: In the event of a Covered Cause of Loss to Covered Property at a "Scheduled Premises" you may extend the insurance provided by this coverage form to apply to the actual, necessary and reasonable:

- a. Extra expenses you incur to continue as nearly as possible your normal business operations immediately following the covered loss or damage.
- b. Additional expenses you incur to:
 - (1) Make temporary repairs of damaged covered property;
 - (2) Expedite permanent repair or replacement of damaged covered property; or
 - (3) Provide training on replacement machines or equipment that are covered property.

This includes overtime wages, the extra cost of express or other rapid means of transportation, and expenses to bring computer systems back to operational status.

- c. **Limit of Insurance:** The most we will pay in total for all expenses incurred under this Additional Coverage in any one occurrence is \$100,000. This is an additional limit of insurance.

12. FINE ARTS

Coverage: If a limit of insurance is shown in the Property Choice Schedule of Premises and Coverages for Business Personal Property, then we will pay for direct physical loss or direct physical damage caused by or resulting from a Covered Cause of Loss to Fine Arts. Fine Arts mean paintings, etchings, pictures, tapestries, art glass windows, valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, porcelains, rare glass, bric-a-brac, and similar property, of rarity, historical value or artistic merit, owned by you or others in your care, custody or control.

Fine Arts do not include artwork that is computerized or classified as data.

Limit of Insurance: The most we will pay for direct physical loss or direct physical damage in any one occurrence is \$50,000, regardless of the number or types of Fine Arts damaged. We will not pay more than \$10,000 for any one item of Fine Arts in any one occurrence. A pair or set will be deemed to be one item. This is an additional limit of insurance.

13. FIRE DEPARTMENT SERVICE CHARGE

Coverage: In the event that the fire department responds to save or protect Covered Property

from a Covered Cause of Loss, we will pay for your liability for fire department service charges:

- a. Assumed by contract or agreement prior to the covered loss event; or
- b. Required by local ordinance.

No deductible applies to this Additional Coverage.

Limit of Insurance: The most we will pay for Fire Department Service Charge in any one occurrence is \$50,000. 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 is an additional amount of insurance.

14. FIRE DEVICE RECHARGE

- a. **Coverage:** In the event that a manual or automatic fire extinguishing device is discharged:

- (1) To fight a fire;
- (2) As the result of Covered Cause of Loss; or
- (3) Due to accidental discharge;

we will pay expenses you incur to recharge such equipment.

- b. We will not pay for:

- (1) Any costs resulting from the enforcement of any ordinance or law that regulates the recharging, repair or replacement of such fire extinguishing device or fire fighting, suppressing or controlling substance;
- (2) Halon;
- (3) The recharge of any device used for demonstration or testing purposes; or
- (4) Recharge due to maintenance of any device or system.

- c. **Limit of Insurance:** The most we will pay for Fire Device Recharge in any one occurrence is \$50,000. This is an additional limit of insurance.

15. "FUNGUS", WET ROT, DRY ROT, BACTERIA AND VIRUS - LIMITED COVERAGE

- a. The coverage described below only applies when the "fungus", wet or dry rot, bacteria or virus is the result of one or more of the following causes that occurs 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.

- (1) A "specified cause of loss" other than fire or lightning;
- (2) Equipment Breakdown Accident occurs to Equipment Breakdown Property, if Equipment Breakdown applies to the affected premises; or

- (3) Flood, if the Causes of Loss Flood endorsement applies to the affected premises.

- b. We will pay for loss or damage by "fungus", wet rot, dry rot, bacteria and virus. As used in this Limited Coverage, the term loss or damage means:

- (1) Direct physical loss or direct physical damage to Covered Property caused by "fungus", wet rot, dry rot, bacteria or virus, including the cost of removal of the "fungus", wet rot, dry rot, bacteria or virus;
- (2) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet rot, dry rot, bacteria or virus; and
- (3) 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 rot, dry rot, bacteria or virus is present.

- c. The coverage described under this Limited Coverage is limited to \$50,000 at each "Scheduled Premises". 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), Equipment Breakdown Accident that occurs to Equipment Breakdown Property 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 rot, dry rot, bacteria or virus, we will not pay more than \$50,000 at each "Scheduled Premises" in any one "Policy Year" applicable to "Fungus", Wet Rot, Dry Rot, Bacteria and Virus - Limited Coverage even if the "fungus", wet rot, dry rot, bacteria or virus continues to be present or active, or recurs, in a later policy period.

- d. 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 rot, dry rot, bacteria or virus, 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 rot, dry rot, bacteria or virus, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot, bacteria or virus causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

The terms of this Limited Coverage do not increase or reduce the coverage provided under the Additional Coverage - Water Damage Building Tear Out and Repair of this Form.

16. INFLATION GUARD

Coverage: In the event of a Covered Cause of Loss or damage to Covered Property at a "Scheduled Premises", the Limits of Insurance that apply to the damaged Buildings and Business Personal Property at "Scheduled Premises" where the loss or damage occurs will automatically increase by a factor based on the accumulated U.S. Government Consumer Price Index (CPI) for the months from the inception of this policy until the date of loss.

Limit of Insurance: But in no event will we pay more than an additional 8% of the applicable Limit of Insurance.

17. INSTALLMENT OR DEFERRED SALES

Coverage: If a limit of insurance is shown in the Property Choice Schedule of Premises and Coverages for Business Personal Property, coverage is extended to apply to direct physical loss or direct physical damage by a Covered Cause of Loss to your financial interest in Business Personal Property that you have sold under a deferred or installment payment plan during the policy period and after you have made delivery to your customer during the policy period.

Direct physical loss or direct physical damage to such Business Personal Property must be by a Covered Cause of Loss during the policy period. Theft or conversion by your customer or failure of your customer to make payments under the payment plan are not Covered Causes of Loss.

Limit of Insurance: The most we will pay for Installment or Deferred Sales in any one occurrence is the lesser of your remaining financial interest in the Business Personal Property sold under a deferred or installment plan or \$50,000. This is an additional limit of insurance.

18. LOSS OF MASTER KEY

We will pay for the reasonable and necessary costs you incur to replace keys, adjust locks to accept new keys or if required, install new locks, due to direct physical loss or direct physical damage to a master key or grand master key caused by or resulting from a Covered Cause of Loss.

Limit of Insurance: The most we will pay for Loss of Master Key in any one occurrence is \$25,000. This is an additional limit of insurance.

19. NEW CONSTRUCTION AT "SCHEDULED PREMISES"

a. Coverage: If a limit of insurance is shown in the Property Choice Schedule of Premises and Coverages for Building we will pay for direct physical loss or direct physical damage, including the cost of labor, caused by or

resulting from a Covered Cause of Loss to New Construction at "Scheduled Premises". New Construction at "Scheduled Premises" applies to buildings you begin to construct after the inception of this policy and will end when any of the following first occurs:

- (1) This policy expires;
- (2) 180 days expire after you begin to construct the building; or
- (3) The building is specifically insured on this Coverage Form or elsewhere.

b. We will charge you additional premium from the date you begin to construct the building.

c. Limit of Insurance: The most we will pay for New Construction at "Scheduled Premises" in any one occurrence is \$1,000,000. This is an additional limit of insurance.

20. NEWLY ACQUIRED COVERED PROPERTY

a. We will pay for direct physical loss or direct physical damage caused by or resulting from a Covered Cause of Loss to Newly Acquired Property. Newly Acquired Property means buildings or business personal property you acquire, purchase or lease after the inception of this policy, but does not include:

- (1) Any property acquired through any foreclosure process;
- (2) Any premises of others where you are temporarily working, such as installing property or performing maintenance or service work;
- (3) Any property covered by any other part of this Coverage Form; or
- (4) Any property that is not covered under this policy.

b. Coverage for Newly Acquired Covered Property will end when any of the following first occurs:

- (1) This policy expires;
- (2) 180 days expire after you newly acquire the Building;
- (3) 180 days expire after you newly acquire the Business Personal Property at newly acquired premises;
- (4) 60 days expire after you newly acquire Business Personal Property at "Scheduled Premises";
- (5) You report values to us; or
- (6) The property is specifically insured on this Coverage Form or elsewhere.

c. We will charge you additional premium from the date you acquire the property.

d. The most we will pay for Newly Acquired Covered Property in any one occurrence is:

- (1) Buildings: \$2,000,000.

(2) Business Personal Property: \$1,000,000.

These are additional limits of insurance.

21. NON-OWNED DETACHED TRAILERS

Coverage: Business Personal Property coverage at "Scheduled Premises", Unnamed Premises and Newly Acquired Premises is extended to apply to detached trailers owned by others, that are in your care, custody or control, while being loaded, unloaded, awaiting transport or used for temporary storage or similar usage, including while the trailer is moved at your premises. This Additional Coverage does not apply to trailers leased by you on a temporary or long-term basis.

Limit of Insurance: The most we will pay for Non-Owned Detached Trailers in any one occurrence is \$50,000. This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

22. ORDINANCE OR LAW

Coverage A. - Value of the Undamaged Buildings, Coverage B. - Demolition Costs and Coverage C. - Increased Cost of Construction Coverages as described below, apply in the event there is a Covered Cause of Loss to covered Buildings at "Scheduled Premises" and to covered "Tenant Improvements and Betterments" at "Scheduled Premises" that results in the enforcement of an ordinance or law that:

- i. Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the insured premises;
- ii. Requires the demolition of parts of the same building that are not damaged by a Covered Cause of Loss; and
- iii. Is in force at the time of a Covered Cause of Loss or the ordinance or law is promulgated or is revised after the loss but prior to commencement of reconstruction or repair and provided that such ordinance or law requires compliance as a condition precedent to obtaining a building permit or certificate of occupancy.

Coverage under this Additional Coverage applies only in response to the minimum requirements of the applicable ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this Additional Coverage.

a. Coverage A - Coverage For Loss To The Undamaged Portion Of The Building

We will pay for the value of the undamaged portion of the building that was required to be demolished by a requirement to comply with a building, zoning or land use ordinance or law. We will do this on the same valuation basis

that applies to the entire building. This does not include any increased costs to repair, replace or rebuild the property due to a requirement to comply with any ordinance or law.

b. Coverage B - Demolition Cost Coverage

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 a requirement to comply with an ordinance or law that requires demolition of such undamaged property.

c. Coverage C - Increased Cost of Construction Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

- (1) Repair or reconstruct damaged portions of that building; and/or
- (2) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

when the increased cost is a consequence of a requirement to comply with the minimum standards of the ordinance or law.

However:

- (1) This coverage applies only if the repaired, 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.
- (2) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

d. Ordinance or Law Exclusions:

- (1) We will not pay for 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 and Contaminants" or due to the presence, growth, proliferation, spread or any activity of "Fungus", wet rot, dry rot, bacteria or virus.
- (2) We will not pay for any costs associated with the enforcement of or compliance with any ordinance or law which requires you 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 and Contaminants" or "Fungus", wet rot, dry rot, bacteria or virus.

- (3) We will not pay any loss in value or any costs incurred due to an ordinance or law that you were required to comply with before the time of the current loss, even in the absence of building damage, if you failed to comply.
- (4) We will not pay for the compliance of any ordinance or law 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.

e. Ordinance or Law Limits of Insurance

- (1) For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.
- (2) With respect to the Increased Cost of Construction: If the covered building is subject to the Replacement Cost Valuation provision as shown in the Property Choice - Schedule of Premises and Coverages, and you rebuild the building we will not pay for the increased cost of construction:
 - (a) Until the building is actually repaired or replaced, at the same or another premises; and
 - (b) 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.
- (3) 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 is the increased cost of construction at the same premises.
- (4) If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.
- (5) As respects **Coverage A. - Coverage For Loss To The Undamaged Portion Of The Building**, this is included within the Limit of Insurance applicable to the damaged Building or damaged "Tenant Improvements and Betterments" and applies in any one occurrence.
- (6) As respects **Coverage B. - Demolition Costs and Coverage C. - Increased Cost of Construction**:
 - (a) For Building property, the most we will pay in any one occurrence is

\$1,000,000. This is an additional amount of insurance.

- (b) For "Tenant Improvements and Betterments" property, the most we will pay in any one occurrence as respects this Additional Coverage where "Tenant Improvements and Betterments" applies is 25% of the insured value of "Tenant Improvements and Betterments" up to \$500,000. This is an additional amount of insurance.

23. OUTDOOR TREES, SHRUBS, SOD, PLANTS AND LAWNS

- a. Outdoor trees, shrubs, sod, plants and lawns, when used for landscaping are covered only for direct physical loss or direct physical damage caused by or resulting from the following causes of loss:
 - (1) Fire;
 - (2) Lightning;
 - (3) Explosion;
 - (4) Riot or civil commotion;
 - (5) Aircraft; or
 - (6) Vehicles operated by persons other than you or your employees.
- b. The most we will pay for direct physical loss or direct physical damage in any one occurrence under this Additional Coverage is \$50,000, but not more than:
 - (1) \$10,000 for any one tree, shrub or plant;
 - (2) \$10,000 for lawns or sod in total at any one insured premises.
- c. The Limit of Insurance applicable to these types of property includes their debris removal expense. Such debris removal expenses are not included in the Debris Removal - Additional Coverage.
- d. These limits apply in any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

24. PAIRS OR SETS

Coverage: If parts of pairs or sets of covered Business Personal Property - "Stock" are damaged by a Covered Cause of Loss, we will pay the reduction in value of the undamaged parts of such damaged pairs or sets in any one occurrence.

Limit of Insurance: This Additional Coverage is included within the Limit of Insurance applicable to the damaged Business Personal Property - "Stock".

25. "POLLUTANTS AND CONTAMINANTS" CLEAN UP

- a. **Coverage:** We will pay for your expense to extract "Pollutants and Contaminants",

including nanomaterials, from land or water at a "Scheduled Premises", if the discharge, dispersal, seepage, migration, release or escape of the "Pollutants and Contaminants" 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.

- b. This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "Pollutants and Contaminants". But we will pay for testing which is performed in the course of extracting the "Pollutants and Contaminants" from land or water.
- c. **Limit of Insurance:** The most we will pay under this Additional Coverage at each "scheduled premises" is \$50,000 for all covered expenses arising out of Covered Causes of Loss occurring during each "Policy Year". This is an additional amount of insurance.

26. PRESERVATION OF PROPERTY

- a. **Coverage:** If it is necessary to move Covered Property to preserve it from imminent loss or damage by Flood or a Covered Cause of Loss, we will pay in any one occurrence for any direct physical loss or direct physical damage to that property while being moved to or while at the temporary storage location.
- b. This Additional Coverage will end 180 days after the property is first moved.
- c. **Limit of Insurance:** This Coverage is included within the Limit of Insurance applicable to the Covered Property that is moved.

27. REWARD COVERAGE

- a. **Coverage:** We will reimburse you for rewards you have paid leading to:
 - (1) The successful return of substantially undamaged stolen articles to a law enforcement agency; or
 - (2) The arrest and conviction of any persons for having damaged or stolen any of your Covered Property.
- b. **Limit of Insurance:** We will pay 25% of the covered loss (prior to the application of any applicable deductible and recovery of any stolen articles) up to \$50,000 for Reward Coverage in any one occurrence for the payments of rewards you make. These reward payments must be documented. No deductible applies to this Additional Coverage. This is an additional amount of insurance.

28. SEWER AND DRAIN BACKUP

Coverage: This insurance is extended to apply to direct physical loss or direct physical damage to Covered Property at "Scheduled Premises", Newly Acquired Premises and Unnamed Premises caused by or resulting from water or other materials that backs up from a sewer or drain.

Limit of Insurance: The most we will pay in any one occurrence is the Limit of Insurance applicable to the Covered Property where the direct physical loss or direct physical damage occurred. This Additional Coverage is included within the Covered Property Limits of Insurance.

THIS IS NOT FLOOD INSURANCE.

This Additional Coverage does not apply to loss or damage caused by or resulting from Flood regardless of the proximity of the back-up or overflow to such conditions.

Flood as used in this Additional Coverage means:

- a. Surface water, waves, tidal water, tidal waves, tsunamis, or overflow of any natural or man made body of water from its boundaries, all whether driven by wind or not; or
- b. Mudslide or mudflow, meaning a river or flow of liquid mud directly or indirectly caused by flooding or the accumulation of water under the ground.
- c. Water under the ground surface pressing on, or flowing or seeping through:
 - (1) Foundations, walls, floors or paved surfaces;
 - (2) Basements, whether paved or not; or
 - (3) Doors, windows or other openings.
- d. Flood includes water or other material that backs up or overflows from any sewer or septic tank or drain, if such back-up is caused by any of the conditions in a. or c. above regardless of the proximity of the back-up to such conditions.
- e. All flooding in a continuous or protracted event will constitute a single flood.

29. TRANSIT

- a. **Coverage:** If a limit of insurance is shown in the Property Choice Schedule of Premises and Coverages for Business Personal Property, then we will pay for direct physical loss or direct physical damage by a Covered Cause of Loss to the following Covered Property while in the due course of transit:
 - (1) Your Business Personal Property; and
 - (2) Business Personal Property owned by others.
- b. Exclusions **Earth Movement** and **Water** as found in the Property Choice - Covered Causes Of Loss And Exclusions Form do not apply to this Additional Coverage - TRANSIT.

- c. This Coverage will continue to apply to such property in the due course of transit, after the expiration or cancellation of this policy, until arrival at and accepted by an authorized representative at the invoiced destination, but for no longer than 30 days after the date of the shipment origination.
- d. We will not pay for loss or damage to covered property:
- (1) Where you are responsible for loss or damage to property as a carrier for hire; or
 - (2) Where you are in the business of arranging transportation or consolidations for others.
- e. You must retain accurate records of all shipments of Covered Property for one year.
- f. **Transit Coverage Extensions**
- (1) **F.O.B. Shipments**
We will pay for your interest in covered direct physical loss or covered direct physical damage to outgoing shipments, which you have sold under conditions where the risk of loss or damage is transferred to the buyer when such property leaves your "Scheduled Premises" if you cannot collect payment for the loss or damage from the consignee.
 - (2) **Repack and Reship**
We will pay the necessary additional expenses you incur to inspect, repackage and reship property damaged by a Covered Cause of Loss.
 - (3) **General Average and Salvage Charges**
In accordance with applicable law and usage, we will pay General Average and Salvage Charges that may be assessed against your covered shipments that are waterborne.
 - (4) **Loading and Unloading**
We will also pay for covered direct physical loss or covered direct physical damage to Covered Property during loading and unloading of the transporting conveyance.
 - (5) **Return Shipments**
We will also pay for covered direct physical loss or covered direct physical damage to outgoing shipments that have been rejected by the consignee or are not deliverable, while being returned to you.
- g. **Limit of Insurance:** The most we will pay for direct physical loss or direct physical damage to Business Personal Property in the due course of transit is \$100,000. This is an additional limit of insurance.
- h. For the Transit Additional Coverage, the Coverage Territory is within or between the United States of America, (including its territories and possessions), Puerto Rico and Canada; however, waterborne shipments are covered only if on inland waterways or in territorial waters, within 12 miles of land.
- 30. TRANSITION TO REPLACEMENT PREMISES**
If Covered Business Personal Property is moved to new premises from a "Scheduled Premises" being vacated, the Limit of Insurance applicable to that vacated premises will apply proportionately to both premises as the property is moved. This coverage ends when any one of the following first occurs:
- a. 90 days after the move begins;
 - b. the move is completed; or
 - c. this policy expires.
- 31. UNNAMED PREMISES**
- a. **Coverage:** You may extend the insurance that applies to Building (if Building is Covered Property) and to Business Personal Property (if Business Personal Property is Covered Property) to pay for direct physical loss or direct physical damage by a Covered Cause of Loss to Buildings and Business Personal Property while at:
 - (1) Premises that you own, lease, or occupy other than at a "Scheduled Premises";
 - (2) Premises not described in the Property Choice Schedule of Premises and Coverages, which you do not own, lease or occupy;
 - (3) Premises where you are temporarily performing work or installing Business Personal Property.
 - (4) Coverage as respects you installing Business Personal Property continues until one of the following first occurs:
 - (a) the installation is accepted by the customer;
 - (b) this policy expires; or
 - (c) the installation is specifically insured on this policy or elsewhere.
 - (5) Unnamed Premises does not include any:
 - (a) Premises or property insured under any other Coverage or Additional Coverage of this Coverage Form;
 - (b) Waste disposal or transfer sites;
 - (c) Property while in the due course of transit;
 - (d) Intermediate site while in the due course of transit;
 - (e) Premises or property that is not covered or excluded from coverage under this Coverage Part.

b. Limits of Insurance:

- (1) The most we will pay as respects Building in any one occurrence in total at all Unnamed Premises is \$100,000. This is an additional limit of insurance.
- (2) The most we will pay as respects Business Personal Property in any one occurrence in total at all Unnamed Premises (Except premises where you are temporarily performing work or installing Business Personal Property) is \$100,000. This is an additional limit of insurance.
- (3) The most we will pay as respects Business Personal Property in any one occurrence in total at all Unnamed Premises where you are temporarily performing work or installing Business Personal Property is \$25,000. This is an additional limit of insurance.

32. UTILITY SERVICE INTERRUPTION

- a. Coverage:** We will pay for direct physical loss or direct physical damage to Covered Property at "Scheduled Premises", caused by or resulting from the interruption of the following utility services:

- (1) Water Supply Services, meaning the following types of property supplying water to the "Scheduled Premises":
 - (a) Pumping stations; and
 - (b) Water mains.
- (2) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:
 - (a) Communication transmission lines, including optic fiber transmission lines;
 - (b) Coaxial cables; and
 - (c) Microwave radio relays except satellites.
- (3) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to the described premises:
 - (a) Utility generating plants;
 - (b) Switching stations;
 - (c) Substations;
 - (d) Transformers; and
 - (e) Transmission lines.

- b.** As used in this Additional Coverage, the term transmission lines includes all lines which serve to transmit communication service or power, including lines which may be identified as distribution lines.

- c. The interruption must be caused by or result from direct physical loss or direct physical damage by a Covered Cause of Loss to utility services property. We will not pay for any resulting loss or damage due to temperature change or spoilage to business personal property.
- d. **Limit of Insurance:** The most we will pay for all Utility Service Interruption in total in any one occurrence is \$25,000. This is an additional limit of insurance.

33. WATER DAMAGE BUILDING TEAR OUT AND REPAIR

- a. **Coverage:** When we pay for direct physical loss or direct physical damage caused by the escape of water or other liquid, powder, or molten material, we will also pay the cost to tear out and replace the parts of the building or structure (whether or not such property is damaged) to repair the broken or cracked system or appliance from which such substances escaped.
- b. We will not pay the cost to repair any defect to the system or appliance from which such substances escaped. But we will pay the cost to repair or replace damaged parts of Automatic Fire Extinguishing Systems if the damage:
 - (1) Results in discharge of any substance from an automatic fire protection system; or
 - (2) Is directly caused by freezing.
- c. **Limit of Insurance:** This Coverage is included within the applicable Covered Property Limit of Insurance.
- d. Automatic Fire Extinguishing System means:
 - (1) Any automatic fire protective or extinguishing system, including connected:
 - (a) Sprinklers and discharge nozzles;
 - (b) Ducts, pipes, valves and fittings;
 - (c) Tanks, their component parts and supports; and
 - (d) Pumps and private fire protective mains.
 - (2) Non-automatic fire protective systems, hydrants, standpipes and outlets, all when supplied from an automatic fire protective system.

34. WATER SEEPAGE

- a. Coverage:** This insurance is extended to apply to direct physical loss or direct physical damage to Covered Property at "Scheduled Premises", Newly Acquired Premises and Unnamed Premises caused by or resulting from water under the ground surface pressing

on, or flowing or backing up or seeping through:

- (1) Foundations, walls, floors or paved surfaces;
- (2) Basements, whether paved or not;
- (3) Doors, windows or other openings; or
- (4) Septic or sump systems.

b. This Additional Coverage does not apply to loss or damage resulting from sewer or drain back up.

c. THIS IS NOT FLOOD INSURANCE.

This Additional Coverage does not apply to loss or damage caused by or resulting from Flood regardless of the proximity of the ground surface pressing on, or flowing or seeping through to such conditions.

d. Flood as used in this Additional Coverage means:

- (1) Surface water, waves, tidal water, tidal waves, tsunamis, or overflow of any natural or man made body of water from its boundaries, all whether driven by wind or not;
- (2) Mudslide or mudflow, meaning a river or flow of liquid mud directly or indirectly caused by flooding or the accumulation of water under the ground; or
- (3) 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.

If such water under the ground surface pressing on, or flowing or seeping through is caused by any of the conditions in **d. (1)** or **d. (2)** above regardless of the proximity of the foundations, walls, floors or paved surfaces; basements, whether paved or not; or doors, windows or other openings to such conditions.

(d) Flood includes water or other material that backs up or overflows from any sewer or septic tank or drain, if such back-up is caused by any of the conditions in **d. (1)** or **d. (2)** above regardless of the proximity of the back-up to such conditions.

(e) All flooding in a continuous or protracted event will constitute a single flood.

e. **Limit of Insurance:** The most we will pay for Water Seepage in any one occurrence is \$25,000. This is an additional amount of insurance.

35. WINDBLOWN DEBRIS

Coverage: We will pay your expense to remove debris (including trees) windblown onto "Scheduled Premises" from the premises of others that occurs during the policy period.

Limit of Insurance: The most we will pay in any one occurrence in total for the removal of all windblown debris under this Additional Coverage is \$2,500. This is an additional amount of insurance.

36. ADDITIONAL COVERED PROPERTY

a. **Coverage:** The following are added as Covered Building Property:

- (1) Bleachers, dugouts and scoreboards;
- (2) Flagpoles and light poles;
- (3) Playground equipment; and,
- (4) Refreshment stands, press boxes, storage buildings and ticket booths.
- (5) Bus stops situated on "Scheduled Premises".

b. **Coverage:** Crew shells and associated apparatus are added as Covered Business Personal Property.

37. ANIMALS

a. **Coverage:** Business Personal Property coverage is extended to apply to animals, inside or outside of buildings, which you use as part of an agricultural, vocational or equestrian program.

b. Animals are covered only for loss or damage caused by or resulting from "Specified Causes of Loss", "Theft", collision with a vehicle, electrocution, attack by dogs or wild animals, accidental shooting or drowning.

c. Coverage applies only if the animal is killed or its destruction is made necessary for humane reasons.

d. Poultry is covered only while inside buildings.

e. **Limit of Insurance:** The most we will pay in any one occurrence under this Additional Coverage is \$25,000, but not more than \$1,500 for any one animal. This coverage is an additional amount of insurance.

38. ATHLETIC UNIFORMS, BAND UNIFORMS, AND THEATRE COSTUMES

a. **Coverage:** Business Personal Property coverage is extended to apply to Athletic Uniforms, Band Uniforms, and Theatre Costumes that are:

- (1) Your property; or
- (2) The property of others that is in your care, custody or control.

- b. The following Exclusions in the Property Choice Covered Causes of Loss and Exclusions Form do not apply to this Additional Coverage:

Change of Temperature, Dampness or Dryness.

Water.

Utility Services Interruption.

- c. **Limit of Insurance:** The most we will pay in any one occurrence under this Additional Coverage is \$100,000. This is an additional amount of insurance.

39. BUSINESS INCOME FROM AUXILIARY OPERATIONS

Coverage: You may extend this insurance to apply to the actual loss of Business Income you sustain caused by the direct physical loss of or direct physical damage to property at the premises described in the Property Choice - Schedule of Premises and Coverages, caused by or resulting from a Covered Cause of Loss.

As used in this Extension:

- a. Business Income means the necessary suspension of your auxiliary operations during the period of restoration for;
 - (1) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred, from your auxiliary operations;
 - (2) Continuing normal operating expenses incurred, including payroll.
- b. Auxiliary Operations means;
 - (1) rental value;
 - (2) laboratory fees;
 - (3) bookstores;
 - (4) athletic events; and
 - (5) research grants;
- c. Period of Restoration means;
 - (1) the period of time it takes to repair, rebuild or replace the described premises with reasonable speed and similar quality; or
 - (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 or law that 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 and Contaminants".

The expiration date of this policy will not cut short the Period of Restoration

d. Rental Value means:

- (1) Total anticipated rental income from tenant occupancy of the premises described in the Property Choice - Schedule of Premises and Coverages as furnished and equipped by you; and
- (2) Amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be your obligations; and
- (3) Fair rental value of any portion of the described premises which is occupied by you.

We will pay any necessary expenses you incur, except the cost of extinguishing a fire, to reduce the amount of loss under this Additional Coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss otherwise payable under this Additional Coverage.

We will pay for the actual loss of Business Income you sustain during the school term following the date the property is actually repaired, rebuilt or replaced, if the date is 30 days or less before the scheduled opening of the next school term.

Limit of Insurance: We will not pay for any increase for loss caused by or resulting from suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of auxiliary operation, we will cover such loss that affects your Business Income during the period of restoration. The most we will pay in any one occurrence under this Additional Coverage is \$25,000.

40. FACULTY PERSONAL EFFECTS

The Additional Coverage - Employee Personal Effects is revised to include Faculty Personal Effects.

41. HARVESTED CROPS

Coverage: Business Personal Property coverage is extended to apply to grain, hay, straw, fruits, vegetables and other crops which have been harvested and are stored inside your building or in the open at the "Scheduled Premises".

Limit of Insurance: The most we will pay in any one occurrence under this Additional Coverage is \$25,000.

This is an additional amount of insurance.

42. MUSICAL INSTRUMENTS

Coverage: Business Personal Property coverage is extended to apply to musical instruments and related equipment and accessories that are:

- a. Your property; or
- b. The property of others that is in your care, custody or control.

The following Exclusions in the Covered Causes of Loss and Common Exclusions Form do not apply to this Additional Coverage:

Change of Temperature, Dampness or Dryness.

Water.

Utility Services Interruption.

Limit of Insurance: The most we will pay in any one occurrence under this Additional Coverage is \$100,000. This is an additional amount of insurance.

43. PERSONAL EFFECTS OF STUDENTS

Coverage: Business Personal Property coverage is extended to apply to personal effects owned by your students at "Scheduled Premises".

This Coverage does not apply to loss or damage by "theft" or mysterious disappearance.

Limit of Insurance: The most we will pay in any one occurrence under this Additional Coverage in total is \$100,000 at each "Scheduled Premises", but not more than \$5,000 for each student. This is an additional amount of insurance.

SECTION B. - COMBINED ADDITIONAL PROTECTION

1. If covered direct physical loss or if covered direct physical damage exceeds the Limits of Insurance for one or more of the following Coverages or Additional Coverages at a "Scheduled Premises":

- a. Accounts Receivable;
- b. Building;
- c. Business Personal Property;
- d. Debris Removal - Covered Property;
- e. Employee Personal Effects;
- f. Fine Arts;
- g. Leasehold Improvements (Tenant Lease Coverage);
- h. Legal Liability - Building (Legal Liability - Building Coverage Form (PC 00 30) which attaches to and forms part of this policy.);
- i. Outdoor Trees, Shrubs, Sod, Plants and Lawns;
- j. Pairs or Sets;

2. **Limit of Insurance:**

We will pay up to the lesser of:

- a. 25% of the total Scheduled Premises Building and Business Personal Property Limits of Insurance; or
- b. \$500,000 in total in any one occurrence regardless of the number of items lost or damaged or Coverages or Additional Coverages involved in any one occurrence for the sum of all such uninsured loss or damage

in excess of the applicable deductible. You may apportion this limit among the applicable coverages as you choose.

c. As respects item i. Outdoor Trees, Shrubs, Sod, Plants and Lawns the most we will pay for any one item is still limited to:

- (1) \$10,000 for any one tree, shrub or plant;
- (2) \$10,000 for lawns or sod in total at any one insured premises.

d. As respects items 1. b. Buildings and 1. c. Business Personal Property listed above, this Combined Additional Protection does not apply to Buildings and Business Personal Property at "Scheduled Premises" that were not insured under this Coverage Part for limits equal to their full Replacement Cost or Actual Cash Value as applicable at the inception date of this Coverage Part.

SECTION C. - TENANT LEASE COVERAGES

These Coverages apply to your interest as a tenant or to your responsibility as a tenant under a written lease agreement as a tenant at "Scheduled Premises":

1. "Building Glass"

Your Business Personal Property is extended to apply to damage to "Building Glass" caused by any cause of loss. This Coverage is included in the applicable Business Personal Property Limit of Insurance where the covered loss or covered damage occurs.

2. Lease Assessment

- a. Your Business Personal Property is extended to apply to your share of any assessment charged to all tenants by the building owner as a result of direct physical loss or direct physical damage caused by or resulting from a Covered Cause of Loss to building property which is not paid in the building owners policy, as agreed to in your written lease agreement.
- b. This Coverage is subject to a separate deductible of \$500 in any one occurrence. No other deductible applies.
- c. We will not pay more than \$2,500 in any one occurrence for Lease Assessment. This is an additional amount of insurance.

3. Leasehold Improvements

- a. If your lease is canceled in accordance with a valid lease provision as the direct result of a Covered Cause of Loss to property at the location in which you are a tenant and you cannot legally remove "Tenant Improvements and Betterments" we will extend Business Personal Property coverage to apply to the unamortized value of the "Tenant Improvements and Betterments" that remains and you were forced to abandon.

b. The most we will pay in any one occurrence for loss under this Additional Coverage is \$25,000 for Leasehold Improvements. This is an additional amount of insurance.

4. Miscellaneous Interior Building Property

Business Personal Property is extended to apply to miscellaneous interior Building property items that pertain only to the area you occupy as a tenant and you are required to insure as a tenant. The most we will pay in any one occurrence for direct physical loss or direct physical damage under this Additional Coverage is \$25,000. This Coverage is included in the applicable Business Personal Property Limit of Insurance where the covered loss or covered damage occurs and applies in any one occurrence.

5. Theft Damage

Your Business Personal Property is extended to apply to damage to the building where you are a tenant and you are liable for such damages, caused by or resulting from actual or attempted "theft".

This Coverage is included in the applicable Business Personal Property Limit of Insurance where the covered loss or damage occurs and applies in any one occurrence.

6. Legal Liability - Building

Legal Liability - Building Coverage Form (PC 00 30) attaches to and forms part of this policy. The most we will pay in any one accident is \$25,000.

SECTION D. - BUSINESS CRIME ADDED

The Property Choice Common Crime Coverages Form is made a part of this policy, and under this endorsement, are subject to the following stated Limits of Insurance:

Coverage	Limit of Insurance
Employee Theft	\$100,000.
Forgery or Alteration	\$25,000.
Money Orders and Counterfeit Paper Currency	\$25,000.
Inside the Premises - Theft of Money and Securities	\$50,000.
Outside the Premises - Theft of Money and Securities	\$25,000.

As respects coverage for employee theft, the employee benefits plans provision applies to any welfare or pension benefit plan that is subject to the employee retirement income security act of 1974 (ERISA).

These Limits are in addition to any other Limit of Insurance that may be shown in the Property Choice Schedule of Premises and Coverages applicable to these Business Crime Coverages.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

GREEN CHOICE - ADDITIONAL COVERAGES

This endorsement modifies insurance provided under the following:

PROPERTY CHOICE COVERAGE FORM
PROPERTY CHOICE SPECIAL BUSINESS INCOME COVERAGE FORM
PROPERTY CHOICE BUSINESS INCOME COVERAGE FORM
PROPERTY CHOICE PROFESSIONAL BUSINESS INCOME COVERAGE FORM

Schedule information if not stated here, will be stated in the Property Choice - Schedule of Premises and Coverages.

Schedule

Green Choice Limit of Insurance

A. The following Additional Coverage is added to the PROPERTY CHOICE COVERAGE FORM:

Costs to Upgrade to "Green" Alternatives

1. If direct physical loss or direct physical damage by a Covered Cause of Loss occurs to Covered Property we will also pay for the reasonable additional costs that you incur to:

a. Repair or replace the lost or damaged Covered Property using products or materials that are "Green" alternatives to the lost or damaged Covered Property, in accordance with:

(1) The minimum standards of a "Green Authority" if the "Scheduled Premises" where the loss or damage occurred was not "Green" certified by a "Green Authority" prior to the loss or damage; or

(2) The standards of a "Green Authority" consistent with the pre-loss "Green" certification level, if the "Scheduled Premises" where the loss or damage occurred was "Green" certified prior to the loss or damage, provided that the "Green"

alternatives are otherwise of comparable quality and function to the lost or damaged Covered Property.

b. Employ "Green" methods or processes of construction, disposal or recycling including ventilation or flush out of air systems, in the course of the repair and replacement of the lost or damaged Covered Property, in accordance with:

(1) The minimum standards of a "Green Authority" if the "Scheduled Premises" where the loss or damage occurred was not "Green" certified by a "Green Authority" prior to the loss or damage; or

(2) The standards of a "Green Authority" consistent with the pre-loss "Green" certification level, if the "Scheduled Premises" where the loss or damage occurred was "Green" certified prior to the loss or damage.

c. Hire a design professional(s) accredited by a "Green Authority" to participate in

the reconstruction, replacement or repair of the Covered Property;

- d. Hire an engineer(s) accredited by a "Green Authority" to supervise the repair or replacement of the Covered Property to verify that replacement systems and mechanicals have been installed and configured to perform to building design or manufacturer's specifications;
 - e. Apply to a "Green Authority" for certification of your "Scheduled Premises" in connection with the repair or replacement of the lost or damaged Covered Property.
2. Costs to Upgrade to "Green" Alternatives applies only if replacement cost valuation applies to the lost or damaged Covered Property and then only if the lost or damaged property is actually repaired or replaced as soon as reasonably possible after the loss or damage (not to exceed two years from the date of loss or damage).
 3. This Additional Coverage does not apply to any expenses incurred to exceed your pre-loss level of certification, if you had attained certification by a "Green Authority" for the Covered Property prior to the Covered Cause of Loss.
 4. This Additional Coverage does not require you to pursue, nor guarantee success of, certification by a "Green Authority".
 5.
 - a. The most we will pay in any one occurrence for Costs to Upgrade to "Green" Alternatives under this endorsement is \$100,000 for all "Scheduled Premises" unless a different limit of insurance is shown in the above Schedule.
 - b. If a different limit of insurance is shown in the above Schedule then that different limit of insurance is the most we will pay in any one occurrence for all "Scheduled Premises" for Costs to Upgrade to "Green" Alternatives.
 - c. The limit for Costs to Upgrade to "Green" Alternatives applies in any one occurrence, regardless of the number of "Scheduled Premises" or buildings damaged in that occurrence.
 - d. If a Green Choice - Limit of Insurance is shown as applying to a "Scheduled Premises" in the Property Choice Schedule of Premises and Coverages, then that limit of insurance is the most

we will pay in any one occurrence at that "Scheduled Premises" for Costs to Upgrade to "Green" Alternatives.

- e. This is an additional amount of insurance.
- B.** This section **B.** applies only when any of the following are attached to this policy:

PROPERTY CHOICE SPECIAL BUSINESS INCOME COVERAGE FORM

PROPERTY CHOICE BUSINESS INCOME COVERAGE FORM

PROPERTY CHOICE PROFESSIONAL BUSINESS INCOME COVERAGE FORM

The following Additional Coverage is added:

Green Alternatives – Increased Period of Restoration

1. If direct physical loss or direct physical damage by a Covered Cause of Loss occurs to covered building property at a "Scheduled Premises", Business Income coverage is revised to include the actual loss of income you sustain during the reasonable and necessary increase in the period of restoration that is actually incurred to:
 - a. Repair or replace the lost or damaged Covered Property as stated in A.1.a.
 - b. Employ "Green" methods or processes of construction, disposal or recycling in the course of the repair and replacement of the lost or damaged Covered Property as stated in A.1.b.
2. The Increased Period of Restoration provided by this endorsement is subject to a maximum period of up to 30 consecutive days from the date the period of restoration would have otherwise ended had "Green" alternatives not been used.
3. This Additional Coverage Green Alternatives – Increased Period of Restoration is included in, and does not increase the applicable Limit of Insurance in the above referenced Coverage Forms.
4. The term Period of Restoration as found in the above referenced Coverage Forms and as used in this endorsement does not include any increased Period of Restoration due to:
 - a. Review and/or approval by a "Green Authority" regarding your application for certification of your "scheduled Premises", should you elect to pursue certification; or

- b. Conducting test and balance analysis of the heating, ventilation or air conditioning systems to confirm that they have been installed properly and meet manufacturer's and design professional's standards.

C. ADDITIONAL EXCLUSIONS

- 1. Coverage provided by this endorsement does not apply to any "Scheduled Premises" where:
 - a. Replacement Cost valuation does not apply;
 - b. Ordinance or Law Additional Coverage does not apply; or
 - c. Building(s) are vacant.
- 2. This endorsement does not apply to "stock".
- 3. Coverage provided by this endorsement does not include any increase in costs, loss or damage attributable to any "Green" standards for which you were under order or mandate from an existing authority, but you did not comply with, before the loss or damage.

D. ADDITIONAL DEFINITIONS

As used in this endorsement:

- 1. "Green" means products, materials, methods and processes that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize their impact on the environment.
- 2. "Green Authority" means the United States Green Building Council (LEED® Green Building Rating System); the Green Building Initiative™ (Green Globes™ Assessment And Rating System); or the Environmental Protection Agency and the Department of Energy (EnergyStar® requirements).



PROPERTY CHOICE CONDITIONS AND DEFINITIONS

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 **C. DEFINITIONS**.

The following conditions apply to all coverages that are a part of the Property Choice Coverage Part or Property Choice Policy and are in addition to the Common Policy Conditions unless stated otherwise in coverage forms and endorsements.

A. GENERAL CONDITIONS

1. Abandonment

There can be no abandonment of any property to us.

2. Application of Waiting Period

In the event that more than one Waiting Period is applicable, we will apply only the longest waiting period.

3. Appraisal

If we and you disagree on 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 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 on the grounds that it is not covered under this policy.

4. Claim Settlement

- a. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- b. We will pay for covered loss or damage within 30 days after we receive your 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.

5. Concealment, Misrepresentation or Fraud

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

- a. This Coverage Part;
- b. The property covered under this insurance;
- c. Your interest in the property covered under this insurance; or
- d. A claim under this Coverage Part.

6. 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 premises will not affect coverage at any premises where, at the time of loss or damage, the breach of condition does not exist.

7. Coverage Territory

The coverage territory is the United States of America (including its territories and possessions); Puerto Rico; and Canada.

8. Equipment Breakdown - Suspension

When any Equipment Breakdown Property is found to be in, or exposed to a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an Equipment Breakdown Accident to that equipment. We can do this by mailing or delivering a written notice of suspension to your address as stated in the Property Choice Schedule of Premises and Coverages, or at

the address where the equipment is located. Once suspended in this way, your insurance can be reinstated only by written notice from us. If we suspend your insurance, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

9. Equipment Breakdown - Jurisdictional Inspections

If any Equipment Breakdown Property requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf.

10. If Two or More Coverages Apply

If two or more coverages in this policy apply to the same loss or damage, we will not pay more than the actual amount of loss or damage.

11. Legal Action Against Us

No one may bring a legal action against us under this Coverage Part unless:

- a. There has been full compliance with all of the terms of this Coverage Part; and
- b. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

For coverage under the Business Crime Coverage Forms, the words **the direct physical loss or damage occurred** are replaced by the words **you discover the loss**.

12. Liberalization

If we adopt any revision that would broaden this Coverage Part, without additional premium, within 45 days prior to inception of this policy or during this policy period, the broadened coverage will immediately apply to you.

13. Loss Payee

- a. For Covered Property in which both you and the Loss Payee as stated in the Property Choice - Schedule of Premises and Coverages or by endorsement have an insurable interest, we will:

- (1) Adjust losses with you; and
- (2) Pay any claim for loss or damage jointly to you and the loss payee, as interests may appear.

- b. If we cancel this policy, we will give written notice to the loss payee 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.

- (3) If we elect not to renew this policy, we will give written notice to the loss payee at least 10 days before the expiration date of this Coverage Part.

14. Mortgageholders and Lender Loss Payees

- a. We will pay each of the following for their interest in covered loss or damage, as stated in the Property Choice - Schedule of Premises and Coverages or by endorsement in the order of their precedence, as their interest may appear:

- (1) **Mortgageholder** for their interest in buildings or structures. The term mortgageholder includes trustees.

- (2) **Lender** for their interest as a creditor, established by such written instruments as warehouse receipts, a contract for deed, bills of lading, financing statements; or mortgages, deeds of trust, or security agreements.

- b. The applicable mortgageholder or lender has the right to receive loss payment even if they have started foreclosure or similar action on the property.

- c. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the applicable mortgageholder or lender will still have the right to receive loss payment if such mortgageholder or lender:

- (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 or lender.

All of the terms of this Coverage Part will then apply directly to the mortgageholder or lender.

- d. If we pay the mortgageholder or lender 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 or lender's right to recover the full amount of their applicable claims will not be impaired.

At our option, we may pay to the mortgageholder or lender the whole principal on the mortgage or debt plus any accrued interest. In this event:

- i. For mortgageholder relationships, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us;
 - ii. For lender relationships, you will pay your debt to us.
- e. If we cancel this policy, we will give written notice to the mortgageholder or lender 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.
- f. If we elect not to renew this policy, we will give written notice to the mortgageholder or lender at least 10 days before the expiration date of this Coverage Part.

15. Contract Of Sale and Building Owner Loss Payable Clauses

We will pay each of the following for their interest in covered loss or damage, as stated in the Property Choice - Schedule of Premises and Coverages or by endorsement in the order of their precedence, as their interest may appear:

- a. **Contract Of Sale Loss Payable Clause**
If the Loss Payee shown in the Property Choice - Schedule of Premises and Coverages or by endorsement is a person or organization you have entered a contract with for the sale of Covered Property:
- (1) For Covered Property in which both you and the Loss Payee have an insurable interest we will:
 - (a) Adjust losses with you; and
 - (b) Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.
 - (2) The following is added to the **Other Insurance** Loss Condition:
For Covered Property that is the subject of a contract of sale, the word "you" includes the Loss Payee.
- b. **Building Owner Loss Payable Clause** -
If the Loss Payee shown in the Schedule or in the Declarations is the owner of the

described building, in which you are a tenant:

- (1) We will adjust losses to the described building with the Loss Payee. Any loss payment made to the Loss Payee will satisfy your claims against us for the owner's property.
- (2) We will adjust losses to tenants' improvements and betterments with you, unless the lease provides otherwise.

16. No Benefit to Bailee

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

17. Other Insurance

- a. 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.
- b. If there is other insurance covering the same loss or damage, other than that described in 17. a. 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.

18. Policy Period

In this Coverage Part, we only cover direct physical loss or direct physical damage which occurs during the policy period stated in the Declarations.

19. 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 applicable Limit of Insurance.

You will pay us the amount of all recoveries of Accounts Receivable you receive for a loss paid by us. But any recoveries in excess of the amount we have paid belong to you.

20. Standard Fire Policy

If the Standard Fire Policy (165 Lines) is required by state statute to be attached to this policy, only the provisions of the Standard Fire Policy that are broader than the provisions contained in this policy shall apply.

21. Transfer of Rights of Recovery Against Others To Us (Subrogation)

If any person or organization to whom 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:

- a. Prior to a covered loss or damage, or
- b. After a covered loss only if, at time of loss, that party is one of the following:
 - (1) Someone insured by this insurance;
 - (2) A business firm that you own or control;
 - (3) A business firm or individuals, that owns or controls you; or
 - (4) Your tenant.

This written waiver will not restrict your insurance.

Exceptions:

- (i) For their interest in building repair or construction, you may not waive your rights to recover damages from architects or engineers except as agreed to in writing by us.
- (ii) For property in the due course of transportation, we will not pay for loss or damage if you impair our rights to recover damages from any carrier for hire, bailee or third party.

However, you may accept bills of lading, receipts or contracts of transportation from carriers for hire, which contain a limitation of value.

B. YOUR GENERAL DUTIES IN EVENT OF LOSS

1. In event of loss or damage, you must see that the following are done:
 - a. **Notify Police**
Notify the police if a law may have been broken.
 - b. **Notify Us**
Give us prompt notice of the loss or damage. Include a description of the property involved.
As soon as possible, give us a description of how, when and where the loss or damage occurred.
We will not deny coverage due to your unintentional failure to notify us about the occurrence of loss or damage provided notice is give as soon as practicable after you become aware of such loss or damage.

c. Protect Property

Take all reasonable steps to protect the 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 applicable 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.

d. Take Inventory

At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

e. Inspect Property, Books and Records

As often as may be reasonably required, permit us to:

- (1) Inspect the damaged and undamaged property and take samples for testing and analysis.
- (2) Examine and make copies of your books and records including electronic records and data.

f. Proof of Loss

Send us a signed, sworn proof of loss containing the information we request during our investigation of your claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

g. Cooperate

Cooperate with us in the investigation or settlement of the claim.

h. Resumption of Business

If you intend to continue in business, you must resume all or part of your business operations as quickly as possible.

2. Examination Under Oath

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.

C. DEFINITIONS

1. **"Building Glass"** means glass that is part of the building or structure, including glass building blocks, skylights, glass doors and windows and their encasement frames, alarm tape, lettering and ornamentation.

This does not include art glass, half tone screens, lenses, memorial windows, mosaic art, rotogravure screens or any stained glass.

2. **"Computer Equipment"** includes the following equipment:
 - a. Computer hardware, laptops, Personal Digital Assistants, including micro-processors and related component parts;
 - b. Peripheral equipment, such as printers and modems;
 - c. Computer network equipment; and
 - d. Electronic communications equipment.
3. **"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.
4. **"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.
5. **"Money"** means:
 - a. Currency, coins and bank notes; and
 - b. Travelers checks, register checks and money orders held for sale to the public.
6. **"Policy Year"** means the period of time that:
 - a. Begins with the inception or anniversary date of this policy; and
 - b. Ends at the expiration or at the next anniversary date of this policy.
7. **"Pollutants and Contaminants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemical and waste, or any other material which causes or threatens to cause physical loss, damage, impurity to property, unwholesomeness, undesirability, loss of marketability, loss of use of property or which threatens human health or welfare. Waste includes materials to be recycled, reconditioned or reclaimed.
8. **"Scheduled Premises"** means any premises listed by location address in the Scheduled Premises section of the Property Choice Schedule of Premises and Coverage.

9. **"Securities"** means negotiable and non-negotiable instruments or contracts representing either "Money" or other property and includes:
 - a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter); and
 - b. Evidences of debt issued in connection with credit or charge cards, which cards are not of your own issue;

but does not include "Money".

Lottery tickets held for sale and Postage stamps in current usage are not "Securities".

10. **"Sinkhole Collapse"** means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or similar rock formations.

This cause of loss does not include:

- a. The cost of filling sinkholes; or
 - b. Sinking or collapse of land into man-made underground cavities.
11. **"Specified Causes of Loss"** means fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; "Sinkhole Collapse"; "Volcanic Action"; falling objects; weight of snow, ice or sleet; water damage, "Sprinkler Leakage"; "Theft"; or "Building Glass" breakage.
 - a. 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 or the building structure is first damaged by a falling object.
 - b. 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 "Scheduled 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, that when the pipe is located off the "Scheduled Premises" and is connected to or is part of a municipal potable water supply system or municipal sanitary

sewer system operated by a public or private utility service provider pursuant to authority granted by the state or governmental subdivision where the "Scheduled Premises" are located, if the breakage or cracking is caused by wear and tear.

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 **b.(1)** or **b.(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.

- 12. "Sprinkler Leakage"** means a leakage or discharge of a substance (except halon) from an Automatic Fire Extinguishing System, including collapse of a tank that is part of the system.
- 13. "Stock"** means merchandise held in storage or for sale, raw materials, and goods in-process or finished.
- 14. "Tenant Improvements and Betterments"** means fixtures, alterations, installations or additions made a part of the Building you occupy but do not own; and:
- a. Made at your expense; or
 - b. You acquired from the prior tenant at your expense; and
- you cannot legally remove.

Tenant Improvements and Betterments includes fences, signs, and radio or television towers, antennas and satellite dishes (including attached equipment).

15. "Theft" means any act of stealing except as defined in the Property Choice Common Crime Coverages Form.

16. "Unmanned Aircraft" means an aircraft that is not designed, manufactured or modified after manufacture to be controlled directly by a person from within or on the aircraft and which is owned by you or owned by others but in your care, custody, or control.

"Unmanned aircraft" includes equipment designed for and used exclusively with the "unmanned aircraft", provided such equipment is essential for operation of the "unmanned aircraft" or for executing unmanned aircraft operations.

17. "Valuable Papers" means: Inscribed, printed or written documents, manuscripts, patterns or records including abstracts, books, deeds, drawings, films, maps or mortgages.

"Valuable Papers" does not mean:

- (1) "Money" or "Securities", whether or not in current circulation.
- (2) Property that cannot be replaced with other property of like kind and quality.
- (3) Fine Arts or Accounts Receivable.
- (4) "Electronic data".

18. "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.

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 property.



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:

PROPERTY CHOICE COVERAGE PART

A. Disclosure Of Federal Share Of Terrorism Losses

The United States Department of the Treasury will reimburse insurers for a portion of such insured losses as indicated in the table below that exceeds the applicable insurer deductible:

Calendar Year	Federal Share of Terrorism Losses
2015	85%
2016	84%
2017	83%
2018	82%
2019	81%
2020 or later	80%

However, if aggregate insured losses attributable to "certified acts of terrorism" under the federal Terrorism Risk Insurance Act, as amended (TRIA) exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion. The United States Government has not charged any premium for their participation in covering terrorism losses.

B. Cap On Insurer Liability For Terrorism Losses

A "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 under TRIA. The criteria contained in TRIA for a "certified act of terrorism" include the following:

1. The act results in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to TRIA; and

2. The act results 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
3. 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 "certified acts of terrorism" under TRIA exceed \$100 billion in a calendar year and we have met, or will meet, our insurer deductible under TRIA we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion. In such case, your coverage for terrorism losses may be reduced on a pro-rata basis in accordance with procedures established by the Treasury, based on its estimates of aggregate industry losses and our estimate that we will exceed our insurer deductible. In accordance with Treasury procedures, amounts paid for losses may be subject to further adjustments based on differences between actual losses and estimates.

C. Application Of Other Exclusions

The terms and limitations of any terrorism exclusion, the inapplicability or omission of a terrorism exclusion, or the inclusion of Terrorism coverage, 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, the Pathogenic or Poisonous Biological or Chemical Materials Exclusion, the "Pollutants and Contaminants" Exclusion and the War And Military Action Exclusion.

PROPERTY CHOICE



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**PROPERTY CHOICE BUSINESS INCOME AND EXTRA EXPENSE
COVERAGE FORM - ADDITIONAL COVERAGES**

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered. Words and phrases that appear in quotation marks have special meaning. Refer to Form PC 00 90 **PROPERTY CHOICE CONDITIONS AND DEFINITIONS** for definitions.

This endorsement modifies insurance under the following:

PROPERTY CHOICE BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM

SUMMARY of COVERAGE LIMITS and INDEX

- o This is a summary of the limits of insurance and coverages provided by this endorsement.
- o No coverage is provided by this summary.

Item No.	PROPERTY CHOICE BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM - ADDITIONAL COVERAGES:	LIMIT OF INSURANCE (Apply in any one occurrence unless otherwise noted)
1.	BUSINESS TRAVEL:	Included in Business Income and Extra Expense Limit of Insurance.
2.	CIVIL AUTHORITY (72 HOUR WAITING PERIOD APPLIES):	30 Days.
3.	DEPENDENT PROPERTIES INCLUDING WORLDWIDE COVERAGE TERRITORY (72 HOUR WAITING PERIOD APPLIES):	\$100,000. From All Dependent Properties.
4.	SECONDARY DEPENDENCIES - CONTRIBUTING AND RECIPIENT LOCATIONS	Included in Dependent Properties Limit of Insurance.
5.	EXTENDED INCOME (180 DAYS):	Included in Business Income and Extra Expense Limit of Insurance.
6.	FUNGUS, WET ROT, DRY ROT, BACTERIA AND VIRUS - LIMITED COVERAGE:	Actual Loss Sustained for 30 Days.
7.	FUTURE EARNINGS:	Included in Business Income and Extra Expense Limit of Insurance.
8.	INGRESS AND EGRESS (24 HOUR WAITING PERIOD APPLIES):	30 Days
9.	LESSOR'S TENANT MOVE BACK EXPENSE:	\$10,000.
10.	MACHINERY TESTING AND TRAINING:	Included in Business Income and Extra Expense Limit of Insurance.

11.	NEWLY ACQUIRED PREMISES:	Included in Business Income and Extra Expense Limit of Insurance.
12.	ORDINANCE OR LAW COVERAGE (INCREASED PERIOD OF RESTORATION):	Included in Business Income and Extra Expense Limit of Insurance.
13.	POLLUTANTS AND CONTAMINANTS CLEANUP:	\$25,000. In any one "Policy Year".
14.	SEWER AND DRAIN BACKUP:	Included in Business Income and Extra Expense Limit of Insurance.
15.	TRANSIT:	\$100,000.
16.	UNNAMED PREMISES:	\$100,000.
	UNNAMED PREMISES: AT ANY ONE INSTALLATION:	Included in Business Income and Extra Expense Limit of Insurance.
	UNNAMED PREMISES: AT ANY ONE EXHIBITION:	Included in Business Income and Extra Expense Limit of Insurance.
17.	UTILITY SERVICE INTERRUPTION (24 HOUR WAITING PERIOD APPLIES):	\$25,000.
18.	WEB SITE AND INTERNET SERVICES (12 HOUR WAITING PERIOD APPLIES):	Lesser of Actual Loss Sustained for 30 days or \$100,000.

A. ADDITIONAL COVERAGES - The following Additional Coverages are added to the Property Choice Business Income and Extra Expense Coverage Form unless otherwise indicated in the Property Choice Schedule of Premises and Coverage or by endorsement to this policy:

Unless otherwise stated in the ADDITIONAL COVERAGES below, or by endorsement, the Limits of Insurance applicable to the Additional Coverages are included in and are not in addition to the Limit of Insurance applicable to BUSINESS INCOME AND EXTRA EXPENSE as stated in the Property Choice Schedule of Premises and Coverages. For Insurance that may apply to a Specific "Scheduled Premises" see: Property Choice Schedule of Premises and Coverage - Scheduled Premises section.

1. Business Travel

a. We will pay for the actual loss of Business Income and the actual, necessary and reasonable Extra Expenses your incur due to direct physical loss or direct physical damage by a Covered Cause of Loss to Your Business Personal Property including Sales Representative Samples while in the custody of:

(1) Your sales representatives; or

(2) Any officer, employee or yourself; while traveling on authorized company business.

b. With respect to the coverage provided under this Additional Coverage - Business Travel, the Coverage Territory General Condition found in the Property Choice Conditions and Definitions form does not apply.

2. Civil Authority

a. This insurance is extended to apply to the actual loss of Business Income you sustain and the actual, necessary and reasonable Extra Expense you incur when access to your "Scheduled Premises" is specifically prohibited by order of a civil authority as the direct result of a Covered Cause of Loss to property in the immediate area of your "Scheduled Premises".

b. The coverage for Business Income will begin after a Waiting Period of 72 hours (unless a different Waiting Period is either shown in the Property Choice Schedule of Premises and Coverage or is shown by endorsement) after the order of a civil authority and coverage will end at the earlier of:

- (1) When access is permitted to your "Scheduled Premises"; or
 - (2) 30 consecutive days after the order of the civil authority.
- c. The coverage for Extra Expense will begin immediately after the order of a civil authority and coverage will end at the earlier of:
- (1) When access is permitted to your "Scheduled Premises"; or
 - (2) 30 consecutive days after the order of the civil authority.

3. Dependent Properties

- a. We will pay for the actual loss of Business Income you sustain and the actual, necessary and reasonable Extra Expense you incur due to the necessary suspension of your operations during the Period of Restoration. The suspension must be caused by direct physical loss of or direct physical damage to a Dependent Property caused by or resulting from a Covered Cause of Loss. However, coverage under this Additional Coverage does not apply when the only loss to a 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 endorsement will not continue once the other property is repaired, rebuilt or replaced. The term "Electronic Data" has the meaning set forth in the Coverage Form to which this endorsement applies.
- b. Period of Restoration, with respect to Dependent Property means the period of time that:
- (1) Begins 72 hours (unless a different Waiting Period is either shown in the Property Choice Schedule of Premises and Coverages or is shown by endorsement) after the time of the Covered Cause of Loss occurred for Business Income Coverage;
 - (2) Begins immediately after the time of the Covered Cause of Loss for Extra Expense Coverage;
 - (3) Ends on the earlier of:
 - (a) the date when the property at the premises of the Dependent Property should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

- (b) when the applicable limit of insurance is exhausted.

Period of Restoration does not include any increased period required due to the enforcement of or compliance with any ordinance or 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 and Contaminants".

The expiration date of this policy will not cut short the Period of Restoration.

- c. Dependent Properties means property at premises owned and operated by others that you depend on to:
- (1) Deliver materials or services to you, or to others for your account (Contributing Location);
But any property which delivers any of the following services is not a Contributing Location with respect to such services:
 - (a) Water supply services;
 - (b) Power supply services; or
 - (c) Wastewater removal services; or
 - (d) Communication supply services, including services relating to internet access or access to any electronic network;
 - (2) Accept your products or services (Recipient Location);
 - (3) Manufacture products for delivery to your customers under contract of sale (Manufacturing Location); or
 - (4) Attract customers to your business premises (Leader Locations).
- d. With respect to the coverage provided under this Additional Coverage - Dependent Properties, the Coverage Territory General Condition found in the Property Choice Conditions and Definitions form does not apply.
- e. The most we will pay for the sum of all actual loss of Business Income and actual, necessary and reasonable Extra Expense you incur in any one occurrence regardless of the types or number of Dependent Properties involved in any one occurrence under this Additional Coverage is \$100,000. This is an additional amount of insurance.

4. Secondary Dependencies - Contributing and Recipient Locations

- a. We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your operations during the Period of Restoration. The suspension must be caused by direct physical loss of or direct physical damage to property at a secondary contributing location or at a secondary recipient location, caused by or resulting from a Covered Cause of Loss, which in turn results in partial or complete interruption of the materials or services provided to you by a dependent property, thereby resulting in the suspension of your operations.
- b. This Additional Coverage does not apply when the only loss at the secondary contributing location or secondary recipient location is loss or damage to "Electronic Data", including destruction or corruption of "Electronic Data". If the secondary contributing location or secondary recipient location sustains loss or damage to "Electronic Data" and other property, coverage under this endorsement will not continue once the other property is repaired, rebuilt or replaced. The term "Electronic Data" has the meaning set forth in the Coverage Part to which this provision applies.
- c. With respect to a suspension of your operations covered under this provision, the maximum amount payable is the Limit of Insurance applicable to Dependent Properties. This provision, does not increase the Limit Of Insurance for Dependent Properties, as any amount payable under this provision is considered part of, not in addition to, such Dependent Properties Limit of Insurance, even if the suspension of your operations is caused by direct physical loss of or damage to dependent property and property at one or more secondary contributing locations or secondary recipient locations.
- d. Secondary contributing location is an entity which:
 - (1) Is not owned or operated by a Contributing Location; and
 - (2) Delivers materials or services to a Contributing Location, which in turn are used by that Contributing Location in providing materials or services to you.

A road, bridge, tunnel, waterway, airfield, pipeline or any other similar area or

structure is not a secondary contributing location.

- e. Any property which delivers any of the following services is not a secondary contributing location with respect to such services:
 - (1) Water supply services;
 - (2) Power supply services;
 - (3) Wastewater removal services; or
 - (4) Communication supply services, including services relating to Internet access or access to any electronic network.
- f. Secondary recipient location is an entity which:
 - (1) Is not owned or operated by a Recipient Location; and
 - (2) Accepts materials or services from a Recipient Location, which in turn accepts your materials or services.

A road, bridge, tunnel, waterway, airfield, pipeline or any other similar area or structure is not a secondary recipient location.
- g. With respect to the coverage provided under this provision (Secondary Dependencies - Contributing and Recipient Locations), the Coverage Territory General Condition found in the Property Choice Conditions and Definitions form does not apply.

5. Extended Income

- a. If the necessary suspension of your operations (applies to all operations except educational institutional operations) produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:
 - (1) Begins on the date property (except "Stock" you have finished manufacturing) is actually repaired, rebuilt or replaced and business operations are resumed; and
 - (2) Ends on the earlier of:
 - (a) The date you could restore your business operations, with reasonable speed, to the level which would generate the Business Income amount that would have existed if no direct physical loss or direct physical damage had occurred; or
 - (b) 180 days that immediately follows after the date determined in a. (1) above.

- b. As respects educational operations, the following applies:

In the event of a covered Business Income loss, we will pay for the actual loss of Business Income you sustain during the school term following the date the property is actually repaired, rebuilt or replaced, if that date is 60 days or less before the scheduled opening of the next school term.

- c. However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the insured premises are located.
- d. Loss of Business Income must be caused by direct physical loss or direct physical damage at the insureds premises caused by or resulting from a Covered Cause of Loss.

6. "Fungus", Wet Rot, Dry Rot, Bacteria and Virus - Limited Coverage

- a. The coverage described below only applies when the "fungus", wet rot, dry rot, bacteria or virus is the result of one or more of the following causes that occurs 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:

- (1) A "specified cause of loss" other than fire or lightning;
- (2) Equipment breakdown accident occurs to Equipment Breakdown Property, if Equipment Breakdown applies to the effected premises; or
- (3) Flood, if the Causes of Loss - Flood endorsement applies to the effected premises.

- b. The following applies only if Business Income and/or Extra Expense coverage applies to the "Scheduled Premises" and only if the necessary interruption of your business operations satisfies all terms and conditions of this Coverage Part.

- (1) If the loss which results in "fungus", wet rot, dry rot, bacteria or virus does not in itself necessitate a necessary interruption of your business operations, but such interruption is necessary due to loss or damage to property caused by "fungus", wet rot, dry rot, bacteria or virus, 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.

- (2) If a covered necessary interruption of your business operations was caused by loss or damage other than "fungus", wet rot, dry rot, bacteria or virus prolongs the Period of Restoration, we will pay for loss and/or expense sustained during the delay (regardless of when such delay occurs during the Period of Restoration), but such coverage is limited to 30 days in total. The days need not be consecutive.

7. Future Earnings

- a. In the event of a covered Business Income loss at "Scheduled Premises", we will pay for the actual loss of Business Income you subsequently and necessarily sustain after the Period of Restoration and the Extended Income period ends and that the actual loss in Business Income is directly attributable to the Covered Cause of Loss occurrence.
- b. However, Future Earnings does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the insured premises are located.
- c. This coverage will apply to the actual loss of business income you sustain within 2 years from the date the Covered Cause of Loss occurred.

8. Ingress or Egress

- a. This insurance is extended to apply to the actual loss of Business Income you sustain when ingress or egress to your "Scheduled Premises" is specifically prohibited as the direct result of a Covered Cause of Loss to property at premises that is contiguous to your "Scheduled Premises".
- b. Coverage for Business Income will begin after a Waiting Period of 24 hours (unless a different Waiting Period applicable to this Additional Coverage is shown by endorsement) after the time of the Covered Cause of Loss and will end at the earlier of:
- (1) When ingress or egress is permitted to or from your "Scheduled Premises"; or
 - (2) 30 consecutive days.

- c. This Additional Coverage does not apply if:
 - (1) The direct physical loss or direct physical damage is caused by or results from flood or earthquake even if flood or earthquake are Covered Causes of Loss; or
 - (2) The ingress to or egress from your "Scheduled Premises" is prohibited by civil authority.

9. Lessor's Tenant Move Back Expenses

- a. In the event that your tenants must temporarily vacate the covered Building property at "Scheduled Premises" due to untenability caused by direct physical loss or direct physical damage by a Covered Cause of Loss to the covered Building, we will pay for the following expenses you actually incur to move those tenants back into your covered Building. We will only pay for the following expenses:
 - (1) Packing, transporting and unpacking the tenants' Business Personal Property, including the cost of insuring the move back and any necessary assembly or setup of furniture and equipment, and
 - (2) The net cost to re-establish the tenants' utility and telephone services, after any refunds due the tenants.
- b. We will only pay for these expenses that you actually incur within 60 days from the date that the damaged building has been repaired or rebuilt and if needed a certificate of occupancy has been granted.
- c. The most we will pay the sum in any one occurrence of covered loss under this Additional Coverage is \$10,000. This is an additional amount of insurance.

10. Machinery Testing and Training

In the event it was necessary to replace machinery damaged by a Covered Cause of Loss, we will extend the Period of Restoration to include:

- a. The additional time to test that replacement machinery; and
- b. The additional time to train employees on the differences in operating the damaged machinery and the replacement machinery.

11. Newly Acquired Premises

- a. We will pay for the actual loss of Business Income you sustain due to direct physical loss or direct physical damage caused by or resulting from a Covered Cause of Loss to Newly

Acquired Premises. Newly Acquired Premises means premises you acquire, purchase or lease after the inception of this policy, but does not include:

- (1) Any premises acquired through any foreclosure process;
- (2) Any premises of others where you are temporarily working, such as installing property or performing maintenance or service work; or
- (3) Any premises covered by any other part of this Coverage Form.

- b. Insurance for each Newly Acquired Premises will end when any of the following first occurs, but will not cut short the Period of Restoration:

- (1) This policy expires;
- (2) 180 days expire after you acquire the property;
- (3) You report values to us: or
- (4) The property is more specifically insured.

We will charge you additional premium from the date you acquire the premises.

12. Ordinance or Law - Increased Period of Restoration

- a. If a Covered Cause of Loss occurs to property at "Scheduled Premises", coverage is extended to include the amount of the actual loss of Business Income and the actual, necessary and reasonable Extra Expense you incur during the increased period of suspension of operations caused by or resulting from a requirement to comply with any ordinance or law that:

- (1) Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the insured premises;
- (2) Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss; and
- (3) Is in force at the time of loss.

- b. Coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of or compliance with any ordinance or law:

- (1) Which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot, bacteria or virus; or

(2) 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 and Contaminants", "fungus", wet or dry rot, bacteria or virus.

- c. Period of Restoration is revised to include any increased period required to repair or reconstruct the property to comply with the minimum standards of any ordinance or law, in force at the time of loss that regulates the construction or repair, or requires the tearing down of any property.

13. "Pollutants and Contaminants" Clean Up

- a. This insurance is extended to apply to the actual loss of Business Income you sustain and the actual, necessary and reasonable Extra Expense you incur if business operations are interrupted due to the enforcement of any ordinance or law that requires you to extract "Pollutants and Contaminants" from land or water at "Scheduled Premises" caused by or resulting from a Covered Cause of Loss that occurs during the policy period.
- b. Such loss must be reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.
- c. The most we will pay for the sum of all Business Income and Extra Expense in any one "Policy Year" under this Additional Coverage is \$25,000. This is an additional amount of insurance.

14. Sewer and Drain Backup

- a. We will pay for the actual loss of Business Income you sustain and the actual, necessary and reasonable Extra Expense you incur due to direct physical loss of or direct physical damage to property at "Scheduled Premises", Newly Acquired Premises and Unnamed Premises caused by or resulting from water or other materials that backs up from a sewer or drain.

b. THIS IS NOT FLOOD INSURANCE.

This Additional Coverage does not apply to loss or damage caused by or resulting from Flood regardless of the proximity of the back-up or overflow to such conditions.

Flood as used in this provision means:

- (1) Surface water, waves, tidal water, tidal waves, tsunamis, or overflow of any natural or man made body of

water from its boundaries, all whether driven by wind or not; or

- (2) Mudslide or mudflow, meaning a river or flow of liquid mud directly or indirectly caused by flooding or the accumulation of water under the ground.
- (3) 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.
- (4) Flood includes water or other material that backs up or overflows from any sewer or septic tank or drain, if such back-up is caused by any of the conditions in (1) or (3) above regardless of the proximity of the back-up to such conditions.
- (5) All flooding in a continuous or protracted event will constitute a single flood.

15. Transit

- a. This insurance is extended to apply to the actual loss of Business Income you sustain and the actual, necessary and reasonable Extra Expense you incur caused by direct physical loss of or direct physical damage to the following property while in the due course of transit:
- (1) Your Business Personal Property; and
- (2) Business Personal Property owned by others.
- b. This Coverage will continue to apply to such property in the due course of transit, after the expiration or cancellation of this policy, until arrival at and accepted by an authorized representative at the invoiced destination, but for no longer than 30 days after the date of the shipment origination, but this will not cut short the Period of Restoration.
- c. You must retain accurate records of all shipments of Covered Property for one year.
- d. The most we will pay for the sum of all Business Income and Extra Expense in any one occurrence under this Additional Coverage is \$100,000. This is an additional amount of insurance.

- e. For the Transit Additional Coverage, the Coverage Territory is within or between the United States of America, (including its territories and possessions), Puerto Rico and Canada; however, waterborne shipments are covered only if on inland waterways or in territorial waters, within 12 miles of land.

16. Unnamed Premises

- a. This insurance is extended to apply to the actual loss of Business Income you sustain and the actual, necessary and reasonable Extra Expense you incur caused by direct physical loss of or direct physical damage by a Covered Cause of Loss to Property while at:
 - (1) Premises that you own, lease, or occupy other than at a "Scheduled Premises";
 - (2) Premises not described in the Property Choice Schedule of Premises and Coverages, which you do not own, lease or occupy;
 - (3) Premises where you are temporarily performing work or installing Business Personal Property and your insurable interest continues until the installation is accepted by the customer.
- b. Unnamed Premises does not include any:
 - (1) Premises or property covered under any other coverage of this Coverage Form;
 - (2) Waste disposal or transfer sites;
 - (3) Intermediate site while in the due course of transit; or
 - (4) Premises of a Web Site or Internet Services provider.
- c. The most we will pay for the actual loss of Business Income you sustain and the actual, necessary and reasonable Extra Expense you incur in any one occurrence under this Additional Coverage at all unnamed premises other than at any one installation or at any one exhibition is \$100,000.
- d. The most we will pay for the actual loss of Business Income you sustain and the actual, necessary and reasonable Extra Expense you incur in any one occurrence under this Additional Coverage at any one installation is the limit of insurance applicable to Business Income and Extra Expense. This is included in the Business Income and Extra Expense Limit of Insurance.

- e. The most we will pay for the actual loss of Business Income you sustain and the actual, necessary and reasonable Extra Expense you incur in any one occurrence under this Additional Coverage at any one exhibition is the limit of insurance applicable to Business Income and Extra Expense Limit.

17. Utility Service Interruption

- a. This insurance is extended to apply to the actual loss of Business Income you sustain and the actual, necessary and reasonable Extra Expense you incur at "Scheduled Premises", "Newly Acquired Premises" and Unnamed Premises caused by the interruption of specific services.
The interruption must result from direct physical loss or direct physical damage by a Covered Cause of Loss to property outside the insured premises boundary and which provides the following services:
 - (1) Water Supply Property, meaning the following types of property supplying water to the described premises:
 - (a) Pumping stations; and
 - (b) Water mains.
 - (2) Wastewater Removal Property, meaning a utility system for removing wastewater and sewage from the described premises, other than a system designed primarily for draining storm water. The utility property includes sewer mains, pumping stations and similar equipment for moving the effluent to a holding, treatment or disposal facility, and includes such facilities.
Coverage does not apply to interruption in service caused by or resulting from a discharge of water or sewage due to heavy rainfall or flooding.
 - (3) Communication Supply Property, meaning property supplying communication services, including telephone, radio, microwave or television services, to the described premises, such as:
 - (a) Communication transmission lines, including optic fiber transmission lines;
 - (b) Coaxial cables; and
 - (c) Microwave radio relays except satellites.
 - (4) Power Supply Property, meaning the following types of property supplying

electricity, steam or gas to the described premises:

- (a) Utility generating plants;
- (b) Switching stations;
- (c) Substations;
- (d) Transformers; and
- (e) Transmission lines.

- b. As used in this Additional Coverage, the term transmission lines includes all lines which serve to transmit communication service or power, including lines which may be identified as distribution lines.
- c. This Additional Coverage does not include any loss or damage due to temperature change or spoilage.
- d. This Additional Coverage does not apply to the Dependent Properties Additional Coverage.
- e. We will not pay for Business Income loss you sustain during the 24 hours (unless a different Waiting Period is either shown in the Property Choice Schedule of Premises and Coverages or is shown by endorsement) that immediately follow after the Covered Cause of Loss. This Waiting Period does not apply to Extra Expense.
- f. The most we will pay for the sum of all actual loss of Business Income and the actual, necessary and reasonable Extra Expense you incur in any one occurrence under this Additional Coverage is \$25,000. This is an additional amount of insurance.

18. Web Site and Internet Services

- a. This insurance is extended to apply to the actual loss of Business Income you sustain and the actual necessary and reasonable Extra Expense you incur caused by direct physical loss or direct physical damage by a Covered Cause of

Loss to property that you depend on for Website and Internet Services.

Website and Internet Services means:

- (1) Internet access, e-mail, web hosting and application software services at the premises of others, or
 - (2) Router infrastructure services, including cable and wireless, located outside your premises boundary.
- b. We will not pay for any Business Income loss under this Coverage that you sustain during the 12 hours (unless a different Waiting Period for this Coverage is indicated in the Property Choice Schedule of Premises and Coverages or by endorsement) that immediately follow the time when you first discovered the Covered Cause of Loss. This Waiting Period does not apply to Extra Expense.
 - c. The most we will pay for the actual loss of Business Income or necessary and reasonable Extra Expense in any one occurrence under this Additional Coverage is the lesser of:
 - (1) The amount of the actual loss of Business Income you sustain during the 30 day period immediately following the Waiting Period and the necessary and reasonable Extra Expense you incur when you first discovered the Covered Cause of Loss (during the Waiting Period) and for a 30 day period immediately following the Waiting Period; or
 - (2) \$100,000.
 - d. With respect to Web Sites, this coverage applies only if you have a back-up copy of your Web Page stored at a location other than the site of the Web Site vendor.
 - e. This is an additional amount of insurance.



PROPERTY CHOICE COVERAGE FORM

(PROPERTY)

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 Property Choice 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 Form PC 00 90 **PROPERTY CHOICE CONDITIONS AND DEFINITIONS** for definitions.

A. COVERAGE

We will pay for direct physical loss of or direct physical damage to the following types of Covered Property caused by or resulting from a Covered Cause of Loss. Covered Property, as used in this Coverage Part, means the type of property described in this Section, **A.1.** Covered Property for which a Limit of Insurance and a premises address is shown in the Property Choice - Schedule of Premises and Coverages.

1. Covered Property

a. Building means buildings or structures that:

- (1) You own; or
 - (2) Are responsible for insuring.
- Building also includes:
- (1) Buildings or structures in the course of construction;
 - (2) Alterations, repairs or additions to the building;
 - (3) Foundations;
 - (4) Underground pipes, flues or drains necessary for the service of the building;
 - (5) Excavations, grading, backfilling or filling that are necessary to repair, rebuild or replace the building or its foundation;
 - (6) Permanently installed machinery and equipment;
 - (7) Awnings, "Building Glass" and floor coverings;
 - (8) Materials, equipment and supplies, used in the construction, alteration or repair of buildings;

(9) Radio or television towers, antennas and satellite dishes (including attachments), fences, signs and other outdoor fixtures;

(10) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

(11) Property owned by you for the maintenance or service of the building or its premises, including fire extinguishing equipment, alarm, communication and monitoring systems, and lawn maintenance or snow removal equipment;

(12) Retaining walls attached to buildings;

(13) Swimming pools whether or not attached to the building;

(14) Appurtenant structures whether or not attached to the building;

(15) Electronic car charging stations;

(16) Solar panels attached to the building;

(17) Walks, roadways, patios or other paved surfaces at a "Scheduled Premises".

b. Business Personal Property

(1) Business Personal Property means:

(a) All of Your Business Personal Property owned by your business; and

(b) Business Personal Property owned by others, that is in your care, custody or control (including leased property as provided in a written lease agreement);

(2) Business Personal Property also includes:

(a) Furniture, fixtures, machinery and equipment;

- (b) "Stock";
 - (c) "Computer Equipment";
 - (d) "Electronic Data" and "Valuable Papers";
 - (e) Patterns, dies, molds and forms;
 - (f) Your interest in the labor, materials or services furnished or arranged by you on Business Personal Property you have installed or repaired;
 - (g) "Tenant Improvements and Betterments";
 - (h) Tools and equipment owned by your employees that are used in your business operations;
 - (i) Building components while removed from the premises for service or repair;
 - (j) Lottery tickets held for sale and postage stamps in current usage;
 - (k) Electronic car charging stations if not covered under Building.
- (3) Coverage applies to Business Personal Property up to 1000 feet outside the premises boundary.

2. Property Not Covered

Covered Property does not include the following unless an endorsement is added to this Coverage Part:

- a. Accounts, bills, currency, food stamps or other evidences of debt, "money", notes or "securities".
- b. Animals, except animals inside buildings, and:
 - (1) Owned by others and boarded by you; or
 - (2) Owned by you as "Stock".
- c. Property owned by and for exclusive personal use by you or your officers, members, partners or employees.
- d. Property owned by your residents, patients, or students.
- e. Property owned by your tenants.
- f. Contraband, or property in the course of illegal transportation or trade.
- g. Growing crops or standing timber.
- h. Grain, hay, straw or other crops which have been harvested, but are outside of buildings or structures.
- i. Outdoor trees, shrubs, plants and sod (other than those held for sale) and lawns.
- j. Land (including land on which the property is located), land values, water (except water

contained within any storage tank, for use in your manufacturing or processing operations), dams, underground mines, and caverns.

- k. Vehicles, and self-propelled machines, including aircraft (including "unmanned aircraft") and watercraft, except the following are Covered Property:

- (1) Vehicles and self-propelled machines, (including aircraft and watercraft) that you manufacture, process, warehouse or hold for sale (except automobiles held for sale) while located at insured premises;
- (2) Vehicles and self-propelled machines, (except aircraft and watercraft) that you operate principally on your insured premises, that are not licensed or registered for use on public roads; and
- (3) Canoes and rowboats while out of the water at insured premises.

- l. Business Personal Property that you have sold under:

- (1) Conditional sale;
- (2) Trust agreement;
- (3) Installment payment;
- (4) Other deferred payment plan; or
- (5) Other agreement under which you have retained a security interest;

- m. Property that is more specifically covered, insured or described under another coverage form of this policy or any other policy, except for the excess of the amount due (whether you can collect on it or not) from that other insurance.

- n. Live eggs, human tissue, bodily fluids, or embryos.

- o. Retaining walls not attached to the building.

3. Covered Causes of Loss

See Property Choice - Covered Causes of Loss and Exclusions Form.

B. EXCLUSIONS

See the Property Choice - Covered Causes of Loss and Exclusions Form.

C. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the smallest applicable Limit of Insurance shown in the Property Choice Declarations, Schedules, Coverage Form(s) or Endorsement(s).

D. DEDUCTIBLE

We will not pay for direct physical loss or direct physical damage in any one occurrence until the amount of loss or damage exceeds the applicable Deductible stated in the Property Choice Schedule of Premises and Coverages or Endorsement(s). We will then pay the amount of loss in excess of the Deductible, up to the applicable Limit of Insurance.

When claim is made for loss or damage to more than one type of property, coverage, premises, or Cause of Loss and different deductible amounts apply in the same occurrence, we will only apply the largest applicable deductible for the item for which claim is made unless specified by endorsement.

E. LOSS PAYMENT AND VALUATION CONDITIONS

Covered Property will be valued at either Replacement Cost or Actual Cash Value, as stated in the Property Choice Schedule of Premises and Coverages and as described below except for the items listed below in item 3. **Specific Property Valuations.** We will not pay more than your financial interest in the lost or damaged property.

1. Replacement Cost

In the event of covered loss or damage, we will determine the value of Covered Property at the actual amount spent to repair, replace or rebuild the damaged property as of the time of the loss or damage, at the same site or another site, subject to the following:

- a. We will not pay more for lost or damaged property than the least of
 - (1) The Limit of Insurance applicable to the lost or damaged property;
 - (2) The amount it costs to replace, on the same premises, 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 you actually spend that is necessary and reasonable to repair or replace the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose.
 - (4) In the event of a total loss to Building property, you may choose to replace your Building property at another premises, however, we will not pay more than the cost to replace the Building property at the original premises.

(5) In the event of a total loss to Business Personal Property, we retain our right to salvage such Business Personal Property.

(6) Replacement Cost does not include any increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

- b. We will pay you on an Actual Cash Value basis until the lost or damaged property is actually repaired, rebuilt or replaced.
- c. If you do not repair, replace or rebuild on the same site or another site within 2 years of the date of loss, we will pay you on an Actual Cash Value basis.
- d. Patterns, dies, molds and forms not in current usage at actual cash value. If loss is paid on an actual cash value basis and within 60 months from the date of the covered loss and you need to repair or replace them, we will pay you, subject to the Conditions of this insurance, the difference between actual cash value and replacement cost when the patterns, dies, molds and forms are actually repaired or replaced.

2. Actual Cash Value

- a. We will pay you on an Actual Cash Value basis if:
 - (1) The valuation of the lost or damaged property is designated in the Property Choice Schedule of Premises and Coverages as Actual Cash Value.
 - (2) You elect Actual Cash Value as the basis for loss payment at the time of loss or damage.
- b. In the event of covered loss or damage, at our option, we will do one of the following, but not pay more than the Limit of Insurance applicable to the lost or damaged property:
 - (1) Pay the value of the lost or damaged property at the time of loss;
 - (2) Take all or any part of the property at an agreed or appraised value; or
 - (3) Repair, rebuild or replace the property with other property of like kind and quality, or pay you the cost to do so.
- c. In the event of a total loss to Business Personal Property, we retain our right to salvage such Business Personal Property.
- d. Actual Cash Value 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.

- e. If the actual amount spent to repair, replace or rebuild the damaged property as of the time of the loss is \$25,000 or less (after the application of the applicable deductible), we pay the loss or damage on the basis of the Replacement Cost provisions described in **E.1.** above. This Exception does not apply to the following Specific Property Valuations.

3. Specific Property Valuations

a. Accounts Receivable

We will determine the amount of Accounts Receivable loss as follows:

- (1) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss, the following method will be used:

- (a) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss occurs; and

- (b) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month.

- (2) The following will be deducted from the total amount of accounts receivable, however that amount of accounts receivable is established:

- (a) The amount of the accounts for which there is no loss;

- (b) The amount of the accounts that you are able to re-establish or collect;

- (c) An amount to allow for probable bad debts that you are normally unable to collect; and

- (d) All unearned interest and service charges.

b. Animals

We will determine the value of animals at the cost of replacement with animals of like kind and quality as when originally acquired by you.

c. "Building Glass"

We will determine the value of "Building Glass" at the cost of replacement with safety glazing material if required by law.

d. "Electronic Data"

- 1. We will determine the value at the actual, reasonable and necessary costs you incur to restore or replace "Electronic Data".

- 2. We will not pay for costs or expenses you incur to:

- (a) Identify or remediate any errors or vulnerabilities or to update, restore, replace, upgrade, maintain or improve any "Computer Equipment" or computer system;

- (b) Update, replace, restore or improve any "Electronic Data" to a level beyond the condition in which it existed immediately preceding the loss or damage; or

- (c) Duplicate research that led to development of your "Electronic Data" or any proprietary or confidential information or intellectual property in any form.

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.

If you recover from a licensor, lessor or any other party for loss or damage to "Electronic Data", our loss payment to you will be reduced by the amount of such recovery.

e. Fine Arts

We will determine the value of Fine Arts, at the lesser of:

- (1) The market value at the time of loss or damage;

- (2) The reasonable cost of repair or restoration to the condition immediately before the covered loss or damage; or

- (3) The cost of replacement with substantially identical property.

For pairs or sets, we will either:

- (1) Repair or replace any part to restore the value and condition of the pair or set to that immediately before the covered loss or damage; or

- (2) Pay the difference between the value of the pair or set before and after the covered loss or damage.

f. Party Wall

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 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.

g. Property of Others

- (1) 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 lesser of:
 - (a) amount for which you are liable under such contract;
 - (b) the replacement cost of the property; or
 - (c) the applicable Limit of Insurance.
- (2) If no such contract exists we will not pay more than your financial interest in Personal Property of Others not to exceed:
 - (a) the Actual Cash Value of such property; or
 - (b) the applicable Limit of Insurance.
- (3) At your option, we may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners:
 - (a) Such payments will only be for the account of the owner of the property and will satisfy your claims against us for the owners' property;
 - (b) We will not pay more than their financial interest in the property.
- (4) We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

h. "Stock"

(1) Manufactured Stock (including Selling Price)

We will determine the value of "Stock" you have manufactured at the selling price less discounts and expenses you otherwise would have incurred. This also applies to component parts manufactured by others that will become a part of your finished product.

(2) Mercantile Stock

We will determine the value of "Stock", which you have purchased for resale and have sold but not delivered, at the selling price less discounts and expense you otherwise would have had. This does not apply to "Stock" you have manufactured.

(3) Stock in Process

We will determine the value of "Stock" in process of manufacture at the replacement cost of the raw materials, plus labor expended and the proper proportion of overhead charges.

(4) Commodity Stock

For "Stock" that is bought and sold at an established market exchange, we will determine the value at:

- (a) The posted market price as of the time and place of loss;
- (b) Less discounts and expenses you otherwise would have had.

i. "Tenant Improvements and Betterments"

- (1) If you do not repair or replace lost or damaged "Tenant Improvements and Betterments" within 2 years, we will pay the pro rata of the Actual Cash Value based on the duration of the lease and the installation date of the property.
- (2) If others pay for repairs or replacement, we will not make loss payment to you.

j. Transit

We will determine the value of covered property in due course of transit at:

- (1) The amount of invoice plus accrued costs, prepaid charges and charges since shipment; or
- (2) In the absence of an invoice, the valuation provision otherwise applicable to that type of Covered Property as of the time of loss or damage.

k. "Valuable Papers"

We will determine the value of "Valuable Papers" at your incurred cost of:

- (1) Blank materials for reproducing the records (including blank prepackaged programs when replaced); and
- (2) Labor to transcribe or copy the records and to research, replace or restore the lost information, including research and development documentation.

l. Vehicles

- (1) We will determine the value of covered vehicles and self-propelled machines, including aircraft, automobiles, contractor's equipment and watercraft on an Actual Cash Value basis. This also applies to coverage provided for trailers under the Non-Owned Detached Trailer Additional Coverage.
- (2) New vehicles and machines you have manufactured will be subject to the valuation applicable to covered "Stock".

4. Value Enhancements

a. Architect and Engineering Fees

The value of Covered Property will include reasonable architect and engineering fees you incur in the course of repairing or reconstructing damaged property.

b. Customs Duty, Sales Tax

The value of Covered Property will include the cost of customs duties and sales taxes to repair or replace the property.

c. Extended Warranties

The value of Covered Property, that is a total loss during the policy period, will include the unused pro rata portion of non-refundable optional extended warranties or service contracts which you purchased for the damaged property prior to the covered loss or damage.



PROPERTY CHOICE - BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM

(BUSINESS INTERRUPTION)

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 Form PC 00 90 **PROPERTY CHOICE CONDITIONS AND DEFINITIONS** for definitions.

A. COVERAGE

We will pay up to the Business Income and Extra Expense Limit of Insurance stated in the Property Choice - Schedule of Premises and Coverages for the actual loss of Business Income you sustain and the actual, necessary and reasonable Extra Expense you incur due to the necessary interruption of your business operations during the Period of Restoration due to direct physical loss of or direct physical damage to property caused by or resulting from a Covered Cause of Loss at "Scheduled Premises" where a limit of insurance is shown for Business Income and Extra Expense. If you are a tenant, this Coverage applies to that portion of the building which you rent, lease or occupy, and extends to common service areas and access routes to your area.

Definitions

1. Business Income means:

- a. Net Income (Net Profit or Net Loss before income taxes), including Rental Income and Royalties, that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including Payroll Expenses.
- c. For educational operations, Business Income also includes income from:
 - (1) Tuition and related student fees including room, board, laboratories and other similar fees;
 - (2) Bookstores;
 - (3) Athletic events; or
 - (4) Activity related to research grants.
- d. For manufacturing businesses, Net Income also includes the net sales value of production.

- e. For research and development operations, Business Income also includes awarded contract revenues, licensing fees, consulting fees, funding grants and progress (milestone) payments.
 - f. As respects all insureds if you are operating at a Net Loss, continuing normal operating expenses will be offset by the Net Loss.
2. Extra Expense means the actual, necessary and reasonable expenses you incur during the Period of Restoration that you would not have incurred if there had been no direct physical loss of or direct physical damage to property caused by or resulting from a Covered Cause of Loss at "Scheduled Premises". We will pay Extra Expense (other than the expense to repair or replace property) to:
- a. Avoid or minimize the suspension of business and to continue operations at a "Scheduled 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. 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 Coverage Form.
 - c. Extra Expense Coverage does not apply to any expense related to any recall of products you manufacture, handle or distribute.

3. Interruption means the slowdown or cessation of any part of your business activities or the partial or total untenability of the premises.
4. Payroll Expenses include:
 - a. Payroll;
 - b. Special compensation such as bonuses and other incentive compensation;
 - c. Employee benefits, if directly related to payroll;
 - d. FICA payments you pay;
 - e. Union dues you pay; and
 - f. Workers' compensation premiums.
5. a. Period of Restoration means the period of time that:
 - (1) Begins at the time the Covered Cause of Loss occurred; and
 - (2) Ends on the earlier of:
 - (a) The date when the property should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (b) The date when business is resumed at a new permanent location.

The expiration date of this policy will not cut short the Period of Restoration.

- b. For buildings under construction or undergoing additions or alterations, if the direct physical loss or direct physical damage delays the start of business operations, the Period of Restoration will begin the date business operations would have begun had the direct physical loss or direct physical damage not occurred.
- c. For educational institutions, the Period of Restoration ends on the earlier of:
 - (1) The day before the opening of the next school term following the date the property should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (2) The date when the school term is resumed at a new permanent location.
- d. Period of Restoration does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:
 - (1) 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 and Contaminants", except as covered in the "Pollutants and Contaminants Clean Up Additional Coverage; or

- (2) Regulates the construction, use or repair, or requires the tearing down of any property, except as covered in the Ordinance or Law Additional Coverage.
6. Rental Income/Rental Value means Business Income that consists of:
 - a. Net Income (Net Profit or Net Loss before income taxes) that would have been earned or incurred as income from tenant occupancy of the "Scheduled Premises" as furnished and equipped by you including fair rental value of any portion of the "Scheduled Premises" which is occupied by your tenants or you as a tenant; and
 - b. Continuing normal operating expenses incurred in connection with that premises including:
 - (1) Payroll Expenses; and
 - (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.
 - c. If you are operating at a Net Loss, continuing normal operating expenses will be offset by the Net Loss.

B. COVERED CAUSES OF LOSS, EXCLUSIONS AND LIMITATION

1. See Property Choice - Covered Causes of Loss and Exclusions Form.
2. The following **Exclusions** apply in addition to the **Exclusions** found in the Property Choice - Covered Causes of Loss and Exclusions Form attached to this Coverage Part:
 - a. **Contract, Lease or License Cancellation**
We will not pay for any increase of loss caused by or resulting from suspension, lapse or cancellation of any contract, lease or license (including consultation and funding grants). But if such suspension, lapse or cancellation is directly caused by a covered interruption of business operations, we will pay for 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 Income Additional Coverage or the Future Earnings Additional Coverage.

b. Manufactured "Stock"

We will not pay for any loss caused by or resulting from damage or destruction of or the time required to reproduce "Stock" you have finished manufacturing.

c. Satellite Communications

We will not pay for any loss caused by or resulting from the disruption of communications or service to or from any satellite however caused. But this exclusion does not apply to land based satellite dishes.

d. Strike Interference

We will not pay for any increase of loss caused by or resulting from delay in rebuilding, repairing or replacing the property or resuming business operations, due to interference at the location of the rebuilding, repair or replacement by strikers or other persons.

3. Limitation - Interruption Of Computer Operations

a. Coverage for Business Income does not apply when a suspension of operations is caused by destruction or corruption of "Electronic Data", or any loss or damage to "Electronic Data".

b. 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".

c. This Additional Limitation does not apply when loss or damage to "Electronic Data" involves only "Electronic Data" which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

C. LIMITS OF INSURANCE

The most we will pay for loss in any one occurrence is the smallest applicable Limit of Insurance shown in the Property Choice Declarations, Schedules, Coverage Form(s) or Endorsement(s).

D. DEDUCTIBLE

We will not pay for the actual loss of Business Income you sustain in any one occurrence until the necessary interruption of your business operations exceeds the Waiting Period as stated in the Property Choice Schedule of Premises and Coverages or by Endorsement(s). We will not pay for the actual loss of Business Income you sustain in any one occurrence during such Waiting Period. No other deductible applies to

Business Income coverage. No deductible or Waiting Period applies to Extra Expense.

E. LOSS CONDITIONS

The following Conditions apply in addition to the Common Policy Conditions and all of the Conditions as found in the Property Choice Conditions and Definitions Form:

1. Resumption of Business

If you intend to continue in business, you must resume all or part of your business operations as quickly as possible.

2. Loss Determination**a. Business Income**

The amount of Business Income loss will be determined based on:

(1) The Net Income of the business before the direct physical loss or direct physical damage occurred;

(2) The likely Net Income of the business if no physical loss or no physical 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 on customers or on other businesses.

(3) The operating expenses, including payroll expenses, necessary to resume business operations with the same quality of service that existed just before the direct physical loss or direct physical damage, and

(4) Other relevant sources of information, including:

(a) Your financial records and accounting procedures;

(b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

b. Extra Expense

The amount of Extra Expense will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have been incurred by business operations during the Period of Restoration if no direct physical loss or if no direct physical damage had occurred. We will deduct from the total of such expenses:

(a) The salvage value that remains of any property bought for temporary use during the Period

of Restoration, once business operations are resumed; and

- (b) Any Extra Expense that is paid for by other insurance.
- (2) All actual, necessary and reasonable expenses that reduce the Business Income loss otherwise incurred.

3. Reductions in Amount We Pay

- a. We will reduce the amount of the Business Income loss payment to the extent you can resume your business operations, in whole or in part, by using:
 - (1) Damaged or undamaged property (including merchandise or "stock") at the insured premises or elsewhere;
 - (2) Any other available source of materials or other outlet for your products.

- b. We will reduce the amount of Extra Expense loss payment to the extent you can return operations to normal and discontinue Extra Expenses.
- c. If you do not resume business operations, or do not resume business operations as quickly as possible, we will pay based on the length of time it would have taken to resume business operations as quickly as possible.
- d. We will reduce the amount of the Business Income loss payment to the extent that the reduction in volume of business income from the affected income channel is offset by an increase in the volume of business from other income channels.



LEGAL LIABILITY - BUILDING 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 Form PC 00 90 **PROPERTY CHOICE CONDITIONS AND DEFINITIONS** for definitions.

A. COVERAGE

We will pay up to the applicable Legal Liability - Building Limit of Insurance stated in the Property Choice Schedule of Premises and Coverages or in an endorsement attached to this Coverage Part for those sums that you become legally obligated to pay as damages because of direct physical loss or direct physical damage, including loss of use, to Covered Building Property caused by accident and arising out of a Covered Cause of Loss. We will have the duty to defend any suit seeking those damages. Suit includes an arbitration proceeding to which you must submit or submit with our consent. However, we have no duty to defend you against a suit seeking damages for direct physical loss or damage to which this insurance does not apply. We may investigate and settle any claim or suit at our discretion. But our duty to defend ends when we have used up the Legal Liability Building Limit of Insurance in the payment of judgments or settlements.

1. Covered Building Property

Covered Building Property means buildings or structures of others in your care, custody or control.

2. Covered Causes Of Loss

See the Property Choice - Covered Causes of Loss and Exclusions Form.

3. Additional Coverages

a. Supplementary Payments

We will pay, with respect to any claim or any suit against you that we defend:

- (1) All expenses we incur.
- (2) The cost of bonds to release attachments, but only for bond amounts within our Limit of

Insurance. We do not have to furnish these bonds.

- (3) All reasonable expenses incurred by you at our request, including actual loss of earnings up to \$250 a day because of time off from work.
- (4) All costs taxed against you in the suit.
- (5) Prejudgment interest awarded against you on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- (6) 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 our Limit of Insurance.

Payments under this Additional Coverage are in addition to the applicable Limit of Insurance.

b. Additional Insureds

Throughout this Coverage Form, if the Named Insured stated in the Property Choice Declarations is:

- (1) A partnership or corporation, the words "you" and "your" include partners, executive officers, trustees, directors and stockholders of such partnership or corporation;
- (2) A limited liability company, the words "you" and "your" include member and manager;

but only with respect to their duties as such.

The existence of one or more Additional Insureds does not increase the Limit of Insurance.

c. Newly Acquired Organizations

Throughout this Coverage Form, the words "you" and "your" also include any organization (other than a partnership, joint venture or limited liability company) you newly acquire or form and over which you maintain ownership or majority interest if there is no other similar insurance available to that organization.

This Additional Coverage ends:

- (1) 90 days after you acquire or form the organization; or
- (2) At the end of the policy period stated in the Property Choice Declarations; whichever is earlier.

This Additional Coverage does not apply to direct physical loss or direct physical damage that occurred before you acquired or formed the organization.

The existence of one or more Newly Acquired Organizations does not increase the Limit of Insurance.

d. Newly Acquired Building Property

- (1) You may extend the insurance that applies to Covered Building Property, as used in this Coverage Form, to apply to your liability for Building property of others that comes under your care, custody or control after the beginning of the current policy period. This Additional Coverage is subject to all terms and Conditions of this Coverage Form.

The most we will pay as the result of any one accident for loss or damage to buildings covered under this Additional Coverage is \$25,000 at each building.

- (2) Insurance under this Additional Coverage will end when any of the following first occurs:
 - (a) This policy expires;
 - (b) 180 days expire after the building property has come under your care, custody or control;
 - (c) You report values to us; or
 - (d) The property is more specifically insured.

We will charge you additional premium for values reported from the date the property comes under your care, custody or control.

- (3) This Additional Coverage does not apply to direct physical loss or direct physical damage that occurred before the building property came under your care, custody or control.

B. EXCLUSIONS AND LIMITATIONS

1. See the Property Choice - Covered Causes of Loss and Exclusions Form.
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:

- (1) Your assumption of liability was executed prior to the accident; and
- (2) 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.

C. LIMITS OF INSURANCE

The most we will pay in damages as the result of any one accident is the applicable Limit of Insurance shown for Legal Liability – Building Limit of Insurance as shown in the Property Choice Schedule of Premises and Coverages or in an endorsement to this Coverage Part.

Payments under the Additional Coverages are in addition to the Limits of Insurance.

The existence of one or more:

1. Additional Insureds, or
 2. Newly Acquired Organizations,
- does not increase the Limit of Insurance.

D. DEDUCTIBLE

No deductible provision applies to this Coverage Form.

E. PROPERTY CHOICE CONDITIONS CHANGES

For Coverage provided under this Coverage Form, the following changes are made to the Property Choice Conditions:

1. Duties In The Event Of Accident, Claim Or Suit

The General Duties in Event of Loss Condition is replaced by the following:

- a. You must see to it that we are notified promptly of any accident that may result in a claim. Notice should include:

- (1) How, when and where the accident took place; and
- (2) The names and addresses of any witnesses.

Notice of an accident is not notice of a claim.

- b. If a claim is made or suit is brought against you, you must see to it that we receive prompt written notice of the claim or suit.

- c. You 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, 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 that may be liable to you because of damage to which this insurance may also apply.

- d. You will not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.

2. Legal Action Against Us

The **Legal Action Against Us General Condition** is replaced by the following:

No person or organization has a right under this Coverage Form:

- a. To join us as a party or otherwise bring us into a suit asking for damages from you; or
- b. To sue us on this Coverage Form 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 you obtained after an actual trial, but we will not be liable for damages that are not payable under the terms of this Coverage Form or that are in excess of the Limit of Insurance. An agreed settlement means a settlement and release of liability signed by us, you and the claimant or the claimant's legal representative.

3. Transfer Of Rights (Subrogation)

The **Transfer of Rights of Recovery Against Others To Us General Condition** is replaced by the following:

If you have rights to recover all or part of any payment we have made under this Coverage Form, those rights are transferred to us. You must do nothing after loss to impair them. At our request, you will bring suit or transfer those rights to us and help us enforce them.

F. ADDITIONAL CONDITIONS

The following conditions are added and apply in addition to the Common Policy Conditions, and the Property Choice Conditions:

1. Bankruptcy

Bankruptcy or insolvency of you or your estate will not relieve us of our obligations under this Coverage Form.

2. Separation Of Insureds

The insurance under this Coverage Form applies separately to you and each additional insured, except with respect to the Limits of Insurance.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROPERTY CHOICE - COVERED CAUSES OF LOSS AND EXCLUSIONS 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 Form PC 00 90 **PROPERTY CHOICE CONDITIONS AND DEFINITIONS** for definitions.

A. COVERED CAUSES OF LOSS

Covered Causes of Loss means direct physical loss or direct physical damage that occurs during the Policy Period and in the Coverage Territory unless the loss or damage 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 or damage:

a. Acts, Errors or Omissions

Acts, errors or omissions by you or others, whether before or after the acquisition of any Covered Property, in any of the following activities:

- (1) Planning, zoning, developing, surveying, testing or siting property;
- (2) Establishing or enforcing any building code, or any standard, ordinance or law about the construction, use or repair of any property or materials, or requiring the tearing down of any property, including the removal of its debris; or
- (3) Any of the following as to any part of land, buildings, roads, water or gas mains, sewers, drainage ditches, levees, dams, other structures or facilities, or to or for any Covered Property:
 - (a) Design, specifications, construction, grading, compaction; or
 - (b) Furnishing of work, materials, parts or equipment in connection with the

design, specifications, construction, renovation, remodeling, grading or compaction.

The Acts, Errors or Omissions Exclusion applies whether or not the property or facilities described above are Covered Property under this policy or on or away from a "Scheduled Premises".

But if direct physical loss or direct physical damage to Covered Property by fire, explosion or "Sprinkler Leakage" results, we will pay for the resulting loss or damage caused by that fire, explosion or "Sprinkler Leakage".

b. Workmanship and Repair

We will not pay for the cost of correcting defects in Covered Property, or loss or damage to Covered Property that was caused by, resulting from, or arising out of improper or defective workmanship or repair done on Covered Property by you, your employees, or others working on your behalf.

But if direct physical loss or direct physical damage by a "Specified Cause of Loss" ensues to Covered Property or if Equipment Breakdown coverage is provided under this policy and an Equipment Breakdown Accident ensues to Equipment Breakdown Equipment, we will pay for such ensuing loss or damage.

c. Animals

We will not pay for loss or damage to animals unless caused by a "Specified Cause of Loss". All other loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.

d. Collapse**(Related to Earth Movement or Flood)**

Collapse, cracking, separating, shrinking, bulging, expansion, shifting, rising, settling, sinking, lateral movement or other movement, or other loss or damage to buildings or structures, including concrete or paved surfaces, which would not have occurred but for Earth Movement or Flood.

e. Earth Movement

- (1) Earthquake, meaning a shaking or trembling of the earth's crust, including tremors and aftershocks, resulting in breaking, shifting, rising, settling, sinking or lateral movement or other movement, including any related earth sinking, rising or shifting;
- (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 part of buildings or structures. Soil conditions include contraction, expansion, freezing, thawing, erosion, improper compaction of soil and the action of water under the ground surface.

This Exclusion applies regardless of whether any of the above is caused by weather, an act of nature or by an artificial, man-made or other cause.

But if direct physical loss or direct physical damage to Covered Property by fire or explosion results, we will pay for the resulting loss or damage caused by that fire or explosion.

f. Water

- (1) Flood, which means surface water, waves, tidal water, tidal waves, tsunamis, or overflow of any natural or man-made body of water from its boundaries, all whether driven by wind or not (including storm surge).
- (2) Mudslide or mudflow, directly or indirectly caused by flooding or the accumulation of water under the ground.
- (3) Water or other material that backs up or overflows from any sewer, septic tank, sump or drain.

- (4) Release of water held by a dam, levee or dike, or by a water or flood control device.
- (5) 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.
- (6) Waterborne material or other property carried or otherwise moved by any of the water referred to in Paragraphs (1), (3) or (4), or by mudslide or mudflow.

But if direct physical loss or direct physical damage to Covered Property by fire, explosion or "Sprinkler Leakage" results, we will pay for the resulting loss or damage caused by that fire, explosion or "Sprinkler Leakage".

This Exclusion applies regardless of whether any of the above, in Paragraphs (1) through (6), is caused by weather, an act of nature or by an artificial, man-made, or other cause.

g. "Fungus", Wet Rot, Dry Rot, Bacteria or Virus

Presence, growth, proliferation, spread or any activity of "fungus," wet rot, dry rot, bacteria or virus.

But if direct physical loss or direct physical damage to Covered Property by a "Specified Cause of Loss" results, we will pay for the resulting loss or damage caused by that "Specified Cause of Loss".

This Exclusion does not apply:

- (1) When "fungus," wet rot, dry rot, bacteria or virus results from fire or lightning; or
- (2) To the extent that coverage is provided in the Additional Coverage(s) - "Fungus," Wet Rot, Dry Rot, Bacteria or Virus - Limited Coverage with respect to loss or damage by a cause of loss other than fire or lightning.

h. Governmental Action

- (1) Seizure or destruction of property by order of governmental authority.
- (2) But we will pay for direct physical loss or direct physical 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.

- (3) This Exclusion does not apply to coverage as provided under the Ordinance or Law Additional Coverage(s).

i. Nesting or Infestation

- (1) We will not pay for loss or damage caused by, resulting from, or arising out of nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.
- (2) If direct physical loss or direct physical damage by a Covered Cause of Loss ensues to Covered Property, we will pay only for such ensuing loss or damage.
- (3) This Exclusion does not apply to:
- (a) "Computer Equipment" and "Valuable Papers"; and
- (b) Accounts Receivable and Fine Arts Additional Coverages.

j. Nuclear Hazard

- (1) Nuclear reaction, nuclear radiation or radioactive contamination, however caused, whether intentional or unintentional. This includes, but is not limited to, the release, dispersal or application of radioactive material, or the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination or radioactive force.
- (2) When state standard fire policy law requires that we cover any resulting fire damage, we will pay only for the resulting damage caused by that resulting fire. We will pay only the Actual Cash Value for the damaged property. Therefore, we will not pay for any indirect or related loss(es), such as business income, extra expenses, legal liability, or leasehold interest loss(es).

k. Ordinance or Law

- (1) The enforcement of, or compliance with, any ordinance or law:
- (a) Regulating the construction, use or repair of any property; or
- (b) Requiring the tearing down of any property, including the cost of removing its debris.

- (2) This Exclusion 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 while in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

l. Pathogenic or Poisonous Biological or Chemical Materials

- (1) The deliberate or intentional dispersal or application of any pathogenic or poisonous biological or chemical materials.
- (2) But if direct physical loss or direct physical damage to Covered Property by fire results, we will pay for the resulting loss or damage caused by that fire.

m. "Pollutants and Contaminants"

- (1) Discharge, dispersal, seepage, migration, release or escape of "Pollutants and Contaminants".
- (2) But if direct physical loss or direct physical damage to Covered Property by a "Specified Cause of Loss" results, we will pay for the resulting loss or damage caused by that "Specified Cause of Loss".
- (3) This Exclusion does not apply if the discharge, dispersal, seepage, migration, release or escape is itself caused by a "Specified Cause of Loss".
- (4) This Exclusion does not apply to:
- (a) "Computer Equipment" and "Valuable Papers";
- (b) Accounts Receivable, Business Travel, Exhibitions, Fine Arts and Transit Additional Coverages; or
- (c) The accidental or malicious application of chemicals to glass that is a part of a building, structure or showcase.

n. Utility Services Interruption

The failure of power, communication, water or other utility service supplied to a "Scheduled Premises" if the failure:

- (1) Originates away from a "Scheduled Premises"; or

- (2) Originates at a "Scheduled Premises", but only if such failure involves equipment used to supply the utility service to the "Scheduled Premises" from a source away from the "Scheduled 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.

Communication services include but are not limited to service relating to internet access or access to any electronic, cellular or satellite network.

But if the failure of power, communication, water or other utility service supplied to the insured premises results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss to Covered Property.

- (3) This Exclusion does not apply to:

- (a) "Valuable Papers",
- (b) Accounts Receivable and Fine Arts Additional Coverages; and
- (c) Coverage provided under the Utility Service Additional Coverage(s).

o. War and Military Action

- (1) War, including undeclared war;
- (2) Hostile or warlike action, in time of peace or war, including action in hindering, combating or defending against an actual or expected attack; by any of the following:
 - (a) Government or sovereign power (including quasi and de facto forms), or by any authority maintaining or using military, naval or air forces;
 - (b) Military, naval or air forces; or
 - (c) An agent of any such government, power, authority or forces.
- (3) Invasion, insurrection, rebellion, revolution, civil war, usurped power, including action in hindering, combating or defending against any such actual or expected event by any government, power, authority, forces or agents described in Paragraph (2)(a)-(c).above.

Exclusions **B.1.a.** through **B.1.o.** 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

Artificially generated electrical, magnetic or electromagnetic energy, including electric arcing, that damages, disturbs, disrupts or otherwise interferes with any electrical or electronic wire, device, appliance, system or network.

For the purpose of this Exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (1) Electrical current, including arcing;
- (2) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (3) Pulse of electromagnetic energy; or
- (4) Electromagnetic waves or microwaves.

But if direct physical loss or direct physical damage to Covered Property by fire results, we will pay for the resulting loss or damage caused by that fire.

b. Accounting Errors

Errors or omissions in accounting, arithmetic, bookkeeping, or billing.

c. Change of Temperature, Dampness or Dryness

- (1) Dampness or dryness of atmosphere; or
- (2) Changes in or extremes of temperature.

But if direct physical loss or direct physical damage to Covered Property by a Covered Cause of Loss results, we will pay for the resulting loss or damage caused by that Covered Cause of Loss.

- (3) This Exclusion does not apply to:

- (a) "Computer Equipment" and "Valuable Papers";
- (b) Accounts Receivable and Fine Arts Additional Coverages; and
- (c) Coverage provided for Spoilage under the Cause of Loss Equipment Breakdown if applicable.

d. Delay, Loss of Use or Loss of Market

We will not pay for loss or damage caused by, resulting from, or arising out of delay, loss of use, or loss of market.

e. Dishonest Acts

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:
 - (a) 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; or
 - (b) Property entrusted to carriers for hire.

f. Docks, Piers, Wharves

- (1) Action of water or ice to bulkheads, docks, piers, seawalls, wharves, or property on such structures.
- (2) But if direct physical loss or direct physical damage to Covered Property by a "Specified Cause of Loss" results, we will pay for the resulting loss or damage caused by that Covered Cause of Loss.

g. Electronic Vandalism or Corruption of "Electronic Data" or Corruption of "Computer Equipment"

Electronic Vandalism or Corruption of "Electronic Data" or Corruption of "Computer Equipment" which means:

- (1) A virus, malicious 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.
- (2) Unauthorized viewing, copying or use of electronic data (or any proprietary or confidential information or intellectual property in any form) by any person, even if such activity is characterized as "Theft";

- (3) Errors, omissions or deficiency in programming, processing or storing "Electronic Data";
- (4) Errors, omissions or deficiency in design, installation, maintenance, repair or modification of your computer system or any computer system or network to which your system is connected or on which your system depends (including "Electronic Data");
- (5) Manipulation of your computer system, including "Electronic Data", by any person(s), for the purpose of diverting or destroying "Electronic Data" or causing fraudulent or illegal transfer of any property;
- (6) Interruption in normal computer function or network service or function due to insufficient capacity to process transactions or to an overload of activity on the system or network;
- (7) Unexplained or indeterminable failure, malfunction or slowdown of a computer system, including "Electronic Data" or the inability to access or properly manipulate the "Electronic Data";
- (8) Complete or substantial failure, disablement or shutdown of the Internet, regardless of the cause;
- (9) The inability of a computer system to correctly recognize, process, distinguish, interpret or accept one or more dates or times.

But if direct physical loss or direct physical damage to Covered Property by fire, explosion or "Sprinkler Leakage" results, we will pay for the resulting loss or damage caused by that fire, explosion or "Sprinkler Leakage".

h. Loss Due To By-Products of Production or Processing Operations

- (1) We will not pay for loss or damage to "Scheduled Premises", caused by or resulting from smoke, vapor, gas or any substance released in the course of production operations or processing operations performed at the "Scheduled Premises". This exclusion applies regardless of whether such operations are:
 - (a) Legally permitted or prohibited;
 - (b) Permitted or prohibited under the terms of the lease; or
 - (c) Usual to the intended occupancy of the premises.

- This exclusion does not apply to loss or damage by fire or explosion that results from the release of a by-product of the production or processing operation.
- (2) If the loss or damage described in Paragraph (1) results in Business Income loss or Extra Expense, there is no coverage for such loss or expense under the business income and/or extra expense forms listed in this policy, or under any other business interruption insurance if provided under this policy.
- (3) The conduct of an insured or tenant production or processing operations will not be considered to be vandalism of the premises regardless of whether such operations are:
- (a) Legally permitted or prohibited;
 - (b) Permitted or prohibited under the terms of a lease; or
 - (c) Usual to the intended occupancy of the premises.
- i. Mechanical Breakdown**
Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the direct physical loss or direct physical damage caused by that elevator collision.
- j. Missing Property**
Disappearance of property when there is no clear evidence to show what happened to it. This would include a shortage disclosed on taking inventory or auditing records. This Exclusion does not apply to property in the custody of a carrier for hire.
- k. Neglect to Protect Property**
Neglect to use all reasonable means to save and preserve property from further damage at and after time of the direct physical loss or damage.
- l. Rain, Snow, Ice, Sleet to Property in the Open**
Rain, snow, ice or sleet to personal property while in the open. This Exclusion does not apply to property in the custody of a carrier for hire.
- m. Settling, Cracking to Buildings or Structures**
- (1) Settling, cracking, shrinking or expansion of buildings or structures, bridges, roadways, walks, patios or concrete or paved surfaces.
 - (2) But if direct physical loss or damage to Covered Property by a Covered Cause of Loss results, we will pay for the resulting loss or damage caused by that Covered Cause of Loss.
- n. Smoke (Agricultural or Industrial)**
Smoke, vapor or gas from agricultural smudging or industrial operations.
- o. Steam Explosions**
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.
- p. Testing**
- (1) A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel; or
 - (2) An insulation breakdown test of any type of electrical equipment.
 - (3) But if direct physical loss or damage to Covered Property by a "Specified Cause of Loss" results, we will pay for the resulting loss or damage caused by that "Specified Cause of Loss."
- q. Unauthorized Transfer of Property**
Unauthorized transfer of property that has been transferred to any person or to any place outside your premises on the basis of unauthorized instructions.
- r. Voluntary Parting**
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.
- 3.** We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.f.** But if direct physical loss or direct physical damage to Covered Property by a Covered Cause of Loss results, we will pay for the resulting loss or damage caused by that Covered Cause of Loss.
- a.** Wear and tear, or change in color, texture, or finish;
 - b.** Rust, corrosion, decay, or deterioration;

- c. Hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- d. Maintenance;
- e. Smog; or
- f. Shrinkage, evaporation, or loss of weight of "Stock".

C. Limitations

The following limitations apply to all policy forms and endorsements:

We will not pay for loss of or damage to property, as described and limited below. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited below.

- 1. 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.

- 2. 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.
- 3. The interior of any building or structure, or 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:
 - a. 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
 - b. The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- 4. "Theft" of "Electronic Data".



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROPERTY CHOICE - CAUSE OF LOSS - EQUIPMENT BREAKDOWN

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 Form PC 00 90 **PROPERTY CHOICE CONDITIONS AND DEFINITIONS** for definitions.

A. COVERED CAUSE OF LOSS - EQUIPMENT BREAKDOWN

The definition of Covered Causes of Loss includes Equipment Breakdown Accident to Equipment Breakdown Property, as defined and limited below:

1. Equipment Breakdown

a. Equipment Breakdown Accident means direct physical loss or direct physical damage as follows:

- (1) Mechanical breakdown, including rupture or bursting caused by centrifugal force;
- (2) Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires;
- (3) Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
- (4) Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
- (5) Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.

b. Equipment Breakdown Property means property:

- (1) that generates, transmits or utilizes energy, including electronic

communications and data processing equipment; or

- (2) which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.

Equipment Breakdown Property may utilize conventional design and technology or new or newly commercialized design and technology.

c. The following is not Equipment Breakdown Property:

- (1) Any structure, foundation, cabinet, or compartment;
- (2) Any insulating or refractory material;
- (3) Any sewer piping, any underground vessels or piping, any piping forming a part of a sprinkler system or water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
- (4) Any draglines, excavation or construction equipment;
- (5) Any equipment manufactured by you for sale;
- (6) Any satellite, or any equipment mounted on a satellite; or
- (7) Any vehicle or any equipment mounted on a vehicle. As used here, vehicle means any machine or apparatus that is used for transportation or moves under its own power. Vehicle includes, but is not

limited to, car, truck, bus, trailer, train, aircraft, spacecraft, watercraft, forklift, bulldozer, tractor or harvester. However, any property that is stationary, permanently installed at a "Scheduled Premises" and that receives electrical power from an external power source will not be considered a vehicle.

d. Limit of Insurance: The most we will pay in any one Equipment Breakdown Accident to Equipment Breakdown Property is the lesser of the applicable Limit of Insurance for:

- (1) Building and Business Personal Property or Business Interruption as shown in the Property Choice Schedule of Premises and Coverages or
- (2) Equipment Breakdown Limit of Insurance as shown in the Property Choice Schedule of Premises and Coverages.

2. Equipment Breakdown Coverage Extensions

The following Coverage Extensions apply to loss or damage to Covered Property caused by or resulting from an Equipment Breakdown Accident to Equipment Breakdown Property:

a. CFC Refrigerants

We will pay for the additional costs to repair or replace Covered Property beyond what would have been necessary had no refrigerant containing CFC (chlorinated fluorocarbon) substances been involved in the Equipment Breakdown Accident.

The most we will pay for each occurrence of covered loss or damage under this Coverage Extension is the CFC Refrigerants Limit of Insurance stated in the Property Choice Schedule of Premises and Coverages, but not more than the least amount to:

- (1) Repair the damaged property and replace any lost CFC refrigerant;
- (2) Repair the damaged property, retrofit the system to accept a non-CFC refrigerant and charge the system with a non-CFC refrigerant; or
- (3) Replace the system with one using a non-CFC refrigerant.

This Coverage Extension is included within the Covered Property Limit of Insurance.

b. Hazardous Substances

We will pay for the additional costs to repair or replace Covered Property

beyond what would have been necessary had the Equipment Breakdown Accident not caused contamination by a Hazardous Substance. This includes the additional expenses to clean up or dispose of such property.

As used in this Coverage Extension, Hazardous Substance means any substance that has been declared to be hazardous to health by a governmental agency.

The most we will pay for each occurrence of covered loss or damage under this Coverage Extension is the Hazardous Substances Limit of Insurance stated in the Property Choice Schedule of Premises and Coverages.

This Coverage Extension is included within the Covered Property Limit of Insurance.

c. Spoilage

We will pay for your loss of perishable goods due to:

- (1) Spoilage; or
- (2) Contamination caused by the release of refrigerants, including but not limited to ammonia; caused by or resulting from an Equipment Breakdown Accident to Equipment Breakdown Property located at the premises.

We will not pay for loss or damage as a result of your failure to use all reasonable means to protect the perishable goods from damage following an Equipment Breakdown Accident.

We will also pay any necessary expenses you incur to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

If you are unable to replace the perishable goods before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the perishable goods at the time of the Equipment Breakdown Accident, less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Valuation condition.

As used in this Coverage Extension, perishable goods means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.

The most we will pay for in any one occurrence under this Coverage Extension is the Causes of Loss Equipment Breakdown Spoilage Limit of Insurance as stated in the Property Choice Schedule of Premises and Coverages.

This is included within the Covered Property Limit of Insurance.

d. Expediting Expenses

(Related to Equipment Breakdown)

(1) In the event of a loss or damage caused by or resulting from an Equipment Breakdown Accident to Equipment Breakdown Property at "Scheduled Premises", "Newly Acquired Premises", and "Unnamed Premises", we will pay for the reasonable and necessary additional expenses you incur to:

- (a) Make temporary repairs;
 - (b) Expedite permanent repair or replacement of damaged property; or
 - (c) Provide training on replacement machines or equipment.
- (2) This includes overtime wages, the extra cost of express or other rapid means of transportation, and expenses to bring computer systems back to operational status.
- (3) The most we will pay under this Coverage Extension is the applicable limit of insurance as shown in Property Choice Schedule of Premises and Coverages - Causes Of Loss - Equipment Breakdown Expediting Expenses. This is an additional amount of insurance.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAUSE OF LOSS - ELECTRONIC VANDALISM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered. Words and phrases that appear in quotation marks have special meaning. Refer to Form PC 00 90 **PROPERTY CHOICE CONDITIONS AND DEFINITIONS** for definitions.

This endorsement modifies insurance provided under the following:

PROPERTY CHOICE COVERAGE PART

A. COVERED CAUSE OF LOSS

1. Electronic Vandalism

a. Electronic Vandalism, as defined and limited below, is added as a Covered Cause of Loss.

b. Electronic Vandalism means:

(1) A virus, malicious code or similar instruction introduced into and 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; or

(2) Manipulation of your computer system, including "Electronic Data", by any person(s) for the purpose of diverting or destroying "Electronic Data".

whether or not there has been any physical loss or physical damage to "Computer Equipment" or "Electronic Data".

Paragraphs (1) and (5) of Exclusion **B.2.g. Electronic Vandalism** found in the Property Choice Covered Causes of Loss and Exclusions Form do not apply to the insurance specifically provided under this Endorsement. The other paragraphs of the Electronic Vandalism Exclusion continue to apply.

c. Paragraph **B.3 Limitation - Interruption of Computer Operations** found in any Property Choice Business Income Coverage Form, Property Choice Rental Income Coverage Form, or Property Choice Extra Expense Coverage Form

attached to this Coverage Part is deleted and replaced with the following Limitation:

3. Business Income, Rental Income, and Extra Expense Limitation - Network Outage

a. Coverage for Business Income or Rental Income applies only when a suspension of operations is caused by a network outage, which is an actual and measurable failure, interruption, degradation, suspension or delay in service caused by or resulting from Electronic Vandalism.

b. Coverage for Extra Expense applies only when the action is taken to reduce, minimize or stop a suspension of operations caused by network outage, which is an actual and measurable failure, interruption, degradation, suspension or delay in service caused by or resulting from Electronic Vandalism.

2. Coverage Extensions

a. Denial of Service - Business Income, Rental Income or Extra Expense

Denial of Service Attack, as defined and limited below, is added as a Covered Cause of Loss with respect to the following coverages, if attached to this Coverage Part: Business Income, Rental Income and Extra Expense. Denial of Service Attack means the malicious direction of a high volume of worthless inquiries to web site or e-mail destinations, effectively denying or limiting legitimate access.

This Coverage applies to Denial of Service Attacks:

- (1) That originate anywhere in the world; and
- (2) Whether or not there has been any physical loss or physical damage to "Electronic Data".
- (3) The most we will pay for the sum of all loss in any one "Policy Year" due to Denial of Service Attack is \$25,000.

b. Good Faith Advertising Expense

- (1) If we make payment for loss or damage caused by or resulting from Denial of Service or Electronic Vandalism as provided under Denial of Service - Business Income, Rental Income or Extra Expense, Electronic Extortion Demand, Electronic Vandalism or Web Site and Internet Services Coverages, we will pay for the reasonable advertising expenses you incur solely to regain customer good faith.
- (2) The most we will pay for the sum of all reasonable advertising expenses under this provision in any one "Policy Year" is \$25,000.

c. Electronic Extortion Demand

- (1) We will reimburse ransom monies paid by you resulting from a covered electronic extortion demand. Ransom monies mean money that you have surrendered to meet an actual electronic extortion demand which is first made during the "Policy Year". Electronic extortion demand means the introduction of malware into your computer system that causes the loss of use of, inability to access, or inability to manipulate electronic data or the non-functionality of any computer processing equipment coupled with a demand of ransom monies for the subsequent removal of the malware from your computer system. All demands for the same malware attack will be deemed to constitute a single electronic extortion demand.
- (2) We will not pay any ransom monies:
 - (a) In connection with any claim for reimbursement for, based upon, arising from or in any way related to any fraudulent, dishonest or criminal acts by you, or any person authorized by you to have custody of ransom monies.

(b) Due to confiscation or expropriation of ransom monies by any governmental authority.

(c) Due to your failure to realize income.

(d) Due to your failure to comply with any of the following **Additional Conditions**:

- i. You shall give oral or written notice of an electronic extortion demand as soon as practicable to us;
- ii. You shall make every reasonable effort to notify the police or other law enforcement agency having jurisdiction over such "occurrence" and comply with such agencies' recommendations and instructions;
- iii. You shall determine, and aid in determining, that the electronic extortion demand is genuine and has actually occurred;
- iv. You shall use all reasonable efforts not to disclose the existence of this Additional Coverage or any payments made hereunder;
- v. You shall use all due diligence and do all things reasonably practicable to avoid or diminish any payment; and
- vi. You shall furnish to us affirmative proof of payment with full particulars of the loss sustained.

(3) The most we will pay in total in any one "Policy Year" for all electronic extortion demands regardless of the number of electronic extortion demands made in any one "Policy Year" is \$10,000. This is the only Limit of Insurance that applies to Electronic Extortion Demand.

B. LOSS PAYMENT AND VALUATION

1. In the event of loss or damage to "Electronic Data" caused by or resulting from Electronic Vandalism, we will determine the value of the "Electronic Data" at the actual, reasonable and necessary costs you incur to restore or replace the "Electronic Data".

We will not pay for costs or expenses you incur to:

- a. Identify or remediate any errors or vulnerabilities or to update, restore, replace, upgrade, maintain or improve any "Computer Equipment" or computer system;
- b. Update, replace, restore or improve any "Electronic Data" to a level beyond the condition in which it existed immediately preceding the Electronic Vandalism; or
- c. Duplicate research that led to development of your "Electronic Data" or any proprietary or confidential information or intellectual property in any form.

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.

If you recover from a licensor, lessor or any other party for loss or damage to "Electronic Data", our loss payment to you will be reduced by the amount of such recovery.

2. In the event of loss or damage to "Computer Equipment" caused by or resulting from Electronic Vandalism, we will determine the value at the valuation basis applicable to Business Personal Property.
3. If the Extra Expense coverage applies and in the event you incur actual, necessary and reasonable Extra Expense, as provided and limited under this Coverage Part, then we will not pay for any of the following:
 - a. Costs or expenses incurred to update or improve any "Computer Equipment" or computer system;
 - b. Costs or expenses incurred to identify or remediate vulnerabilities or errors in any "Computer Equipment" or computer system unrelated to the loss or damage;
 - c. Contractual liability, or the value of, or associated with, any contract including, but not limited to, any sums due pursuant to a contractual provision for liquidated damages, agreed penalties, or similar remedy; or
 - d. Ransom monies to restore the use of, ability to access, or ability to manipulate "Electronic Data" or to restore the functionality of any "Computer Equipment" or computer system, except to the extent covered in the Electronic Extortion Demand Coverage Extension.
4. We will not pay for loss or damage caused by "theft," observation, publication, unauthorized access to or loss of confidentiality of "Electronic Data".

C. LIMIT OF INSURANCE

1. The most we will pay under this endorsement in total for all loss or damage from all "occurrences" during the "Policy Year", regardless of the number of coverages applicable, the number of premises or the number of "occurrences" during the "Policy Year", is the lesser of:
 - a. The Limits of Insurance applicable to Building, Business Personal Property, Business Income or Rental Income and Extra Expense; or
 - b. "Policy Year" Limit of Insurance applicable to Electronic Vandalism shown in the Property Choice Schedule of Premises and Coverages.
2. Any amounts payable under this endorsement, any Coverage, Additional Coverage or Coverage Extension contained in this Coverage Part including, but not limited to, the Cloud Computing Coverage endorsement or the Website and Internet Services Additional Coverage, are included in and do not increase the Electronic Vandalism "Policy Year" Limit of Insurance.
3. This Coverage does not apply to any "occurrence" that first began prior to "Policy Year" or the inception of this Endorsement.

D. DEDUCTIBLE

1. We will not pay for any loss or damage in any one "occurrence" until the amount of loss or damage exceeds the applicable Deductible stated in the Property Choice Schedule of Premises and Coverages. Subject to the "Policy Year" Limit of Insurance, we will then pay the amount of loss in excess of the Deductible, up to the applicable Limit of Insurance.
2. We will not pay for any Business Income loss or Rental Income loss caused by Electronic Vandalism that you sustain during the 6 hours (unless a different Waiting Period for Electronic Vandalism is indicated in the Property Choice Schedule of Premises and Coverages or by endorsement) that immediately follow the time when you first discovered the Electronic Vandalism. This Waiting Period serves as a deductible. No other deductible applies to Business Income or Rental Income coverage. This Waiting Period does not apply to Extra Expense.
3. As respects the Denial of Service Coverage Extension, we will not pay for any loss of Business Income or Rental Income that you sustain during the 12 hours (unless a different Waiting Period for this Coverage is indicated in the Property Choice Schedule of Premises or Coverages or by endorsement) that

immediately follow the time when you first discovered the Denial of Service Attack. This Waiting Period serves as a deductible. No other deductible applies to Business Income or Rental Income coverage. This Waiting Period does not apply to Extra Expense.

E. DEFINITION

"Occurrence", as used in this endorsement, means:

1. An individual act or event, including any subsequent acts or events arising from, or enabled by, the original act or event; or

2. The combined total of all separate acts or events, whether or not related, or a series of acts or events, whether or not related committed by the same person or entity acting alone or in collusion with other persons or entities during the Policy Period shown in the Declarations.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CLOUD COMPUTING COVERAGE

This Endorsement modifies insurance provided under the following:

PROPERTY CHOICE COVERAGE PART

A. Property Choice - Specialized Property Insurance Coverages endorsement is revised as follows:

1. LOSS OF OR DAMAGE TO ELECTRONIC DATA AT CLOUD COMPUTING FACILITY

a. The following is added to Section A. Additional Coverages - Unnamed Premises:

We will pay for loss or damage to your "Electronic Data" caused by or resulting from a Covered Cause of Loss while at a Cloud Computing facility located anywhere in the world. A Cloud Computing facility means a facility operated by a Cloud Computing provider with whom you have a written contract.

b. With respect to the coverage provided under this Cloud Computing provision:

(1) Unnamed Premises includes the premises of a Web Site, Communications or Internet Services provider.

(2) The Coverage Territory General Condition found in the Property Choice Conditions and Definitions form does not apply.

(3) This is the only insurance that applies to loss or damage to your "Electronic Data" at Cloud Computing facilities.

2. LIMIT OF INSURANCE

a. The most we will pay for loss or damage in any one occurrence regardless of the types or number of Cloud Computing facilities or Causes of Loss involved is the Limit of Insurance shown in the applicable Property Choice - Specialized Property Insurance Coverages endorsement: Additional Coverage: Unnamed Premises: At all Unnamed Premises: Business Personal Property.

b. Refer to any optional Covered Cause(s) of Loss endorsement that is attached to this Coverage Part for an applicable "Policy Year" Limit of Insurance.

B. If a Limit of Insurance is shown in the Property Choice Schedule of Premises and Coverages for Business Income, Rental Income or Extra Expense Coverage then the following applies:

The Additional Coverage - Unnamed Premises found in the following endorsements:

Property Choice Business Income and Extra Expense - Additional Coverages;

Property Choice Business Income - Additional Coverages;

Property Choice Professional Business Income - Additional Coverages;

Property Choice 12 Month Business Income - Additional Coverages;

Property Choice Rental Income - Additional Coverages; or

Property Choice Extra Expense - Additional Coverages;

is revised as follows:

1. BUSINESS INCOME, RENTAL INCOME OR EXTRA EXPENSE DUE TO LOSS OF OR DAMAGE TO ELECTRONIC DATA AT CLOUD COMPUTING FACILITY

a. The following is added to Additional Coverage - Unnamed Premises:

We will pay for the actual loss of Business Income, Rental Income or Extra Expense you incur, if applicable due to loss or damage to your "Electronic Data", caused by or resulting from a Covered Cause of Loss while at a Cloud Computing facility located anywhere in the world. A Cloud Computing facility means a facility operated by a Cloud Computing provider with whom you have a written contract.

- b. With respect to the coverage provided under this Cloud Computing provision:
 - (1) Unnamed Premises includes the premises of a Web Site, Communications or Internet Services provider.
 - (2) The Coverage Territory General Condition found in the Property Choice Conditions and Definitions form does not apply.
 - (3) This is the only insurance that applies to the actual loss of Business Income, Rental Income or Extra Expense, if applicable, due to loss or damage to your "Electronic Data" at Cloud Computing facilities.
- c. We will not pay for any loss of Business Income or Rental Income until the necessary interruption of your business operations exceeds 12 hours (unless a different Waiting Period for this Coverage is indicated in the Property Choice Schedule of Premises or

Coverages or by endorsement applicable to Unnamed Premises). We will not pay for any loss of Business Income or Rental Income you sustain in any one occurrence during such time period. This Waiting Period does not apply to Extra Expense.

2. LIMIT OF INSURANCE

- a. The most we will pay for the actual loss of Business Income or Rental Income sustained or Extra Expense incurred in any one occurrence regardless of the types or number of Cloud Computing facilities involved is the Limit of Insurance shown in the applicable Property Choice Business Income or Rental Income or Extra Expense - Additional Coverage - Unnamed Premises.
- b. Refer to any optional Covered Cause(s) of Loss endorsement that is attached to this Coverage Part for an applicable "Policy Year" Limit of Insurance.



QUICK REFERENCE BUSINESS CRIME

Property Choice Common Crime Coverages Form

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- | | |
|--|--|
| <ul style="list-style-type: none">A. Insuring AgreementsB. Additional Coverage – Claim ExpenseC. Limit of InsuranceD. DeductibleE. ExclusionsF. Crime Common Conditions<ul style="list-style-type: none">1. Conditions applicable to all Insuring Agreements<ul style="list-style-type: none">a. Additional Premises or Employeesb. Concealment, Misrepresentation or Fraudc. Consolidation – Merger or Acquisitiond. Cooperatione. Duties in the Event of Lossf. Employee Benefit Plan(s)g. Extended Period to Discover Lossh. Joint Insuredi. Legal Action Against Us | <ul style="list-style-type: none">j. Other Insurancek. Ownership of Property; Interests Coveredl. Policy Bridge – Discovery Replacing Loss Sustainedm. Recordsn. Recoverieso. Territoryp. Transfer of Your Rights of Recovery Against Others to Usq. Valuation - Settlement2. Conditions Applicable to Insuring Agreement A.1. Employee Theft.3. Conditions Applicable to Insuring Agreement A.2. Forgery or Alteration.4. Condition Applicable To Insuring Agreement A.4. Outside the Premises – Theft of Money and Securities.5. Conditions Applicable To Insuring Agreement A.5. Computer Fraud. |
|--|--|
- G. Definitions



PROPERTY CHOICE COMMON CRIME COVERAGES FORM (BUSINESS CRIME)

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 **G. Definitions**.

A. INSURING AGREEMENTS

Coverage is provided under the following INSURING AGREEMENTS for which a corresponding Limit of Insurance is shown in the Property Choice Schedule of Premises and Coverages, or Endorsements and applies to loss which is to your financial detriment and that you sustain resulting directly from an "occurrence" taking place at any time which is "discovered" by you during the Policy Period shown in the Property Choice Declarations or during the period of time provided in the Extended Period To Discover Loss - CRIME COMMON CONDITION **F.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 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.** 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 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 premise" resulting from "theft", 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. Outside the Premises - Theft of Money and Securities

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.

5. Computer and Funds Transfer 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. A transfer of that property from inside the "premises" or "banking premises":

- (1) To a person (other than a "messenger") outside those "premises"; or

(2) To a place outside those "premises".

- b. The loss of "funds" resulting directly from a "fraudulent instruction" directing a financial institution to transfer, pay or deliver "funds" from your "transfer account".

6. Money Orders and Counterfeit Paper Currency

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" paper currency that is acquired during the regular course of business.

7. Deception Fraud

We will pay for loss to "money", "securities" and "other property" when you, or anyone to whom you have entrusted "money", "securities" and "other property", voluntarily parts with such "money", "securities" and "other property" due to any fraudulent scheme, trick, device or false pretense.

B. ADDITIONAL COVERAGE - CLAIM EXPENSE

- 1. In the event of covered loss or damage we will pay for reasonable expenses incurred by you at our specific request to assist us in:
 - a. The investigation of a claim or suit; or
 - b. The determination of the amount of loss, such as taking inventory or auditing business records.
- 2. The most we will pay in any one occurrence is \$10,000. This is an additional amount of insurance.

C. LIMIT OF INSURANCE

The most we will pay for loss in any one "occurrence" is the applicable Limit of Insurance shown in the Declarations, Schedules or Endorsements.

Regardless of the number of years this insurance remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

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.

D. DEDUCTIBLE

We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the applicable Deductible Amount shown in the Declarations, Schedules or Endorsements. We will then pay for the amount of loss in excess of the Deductible

amount, up to the Limit of Insurance. In the event that more than one Deductible Amount could apply to the same loss, only the highest Deductible Amount will be applied.

E. EXCLUSIONS

1. EXCLUSIONS APPLICABLE TO ALL INSURING AGREEMENTS

This insurance does not apply to:

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. Employee Theft.**

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
- (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 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 property. Any Business Income Coverage Form or Extra Expense Coverage Form that is attached to this policy does not apply.
- (2) Payment of damages of any type for which you are legally liable.
- (3) Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance, except as provided above in Section **B. ADDITIONAL COVERAGE - CLAIM EXPENSE.**

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. Forgery or Alteration.**

h. Nuclear Hazard

Loss resulting from nuclear reaction, nuclear radiation or radioactive contamination, or any related act or incident.

i. "Pollutants and Contaminants"

We will not pay for loss or damage caused by, resulting from, arising out of, or in any way related to the discharge, dispersal, seepage, migration, release or escape of "Pollutants and Contaminants".

Pollutants and Contaminants as used in this exclusion means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemical and waste, or any other material which causes or threatens to cause physical loss, damage, impurity to property, unwholesomeness, undesirability, loss of marketability, loss of use of property or which threatens human health or welfare. Waste includes materials to be recycled, reconditioned or reclaimed.

j. War and Similar Actions

Loss resulting from war, whether or not declared, warlike action, insurrection, rebellion or revolution, or any related act or incident.

2. ADDITIONAL EXCLUSIONS APPLICABLE TO EMPLOYEE THEFT

Insuring agreement **A.1. Employee Theft** does not apply to:

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 or loss computation.

However, were you to 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 claimed.

b. Trading

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

c. Warehouse Receipts

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

3. ADDITIONAL EXCLUSIONS APPLICABLE TO A.3. INSIDE THE PREMISES - THEFT OF MONEY AND SECURITIES - AND A.4. OUTSIDE THE PREMISES - THEFT OF MONEY AND SECURITIES

Insuring Agreements **A.3. Inside the Premises - Theft of Money and Securities -** and **A.4. Outside the Premises - Theft of Money and Securities,** do not apply to:

a. Accounting Or Arithmetic Errors Or Omissions

Loss resulting from accounting or accounting or arithmetical errors or omissions.

b. Exchanges or Purchases

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

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 that has been transferred or surrendered to a person or place outside the "premises" or "banking premises":

- (a) On the basis of unauthorized instructions; or
- (b) As a result of a threat to do bodily harm to any person; or
- (c) As a result of a threat to do damage to any property; or
- (d) As a result of a threat to introduce a denial of service attack into your computer system; or
- (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; or
- (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.4. Outside the Premises - Theft of Money and Securities** to loss of "money", or "securities" 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. ADDITIONAL EXCLUSIONS APPLICABLE TO COMPUTER AND FUNDS TRANSFER FRAUD

Insuring Agreement **A.5. Computer and Funds Transfer Fraud** does not apply to:

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. 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 or loss computation.

5. ADDITIONAL EXCLUSIONS APPLICABLE TO DECEPTION FRAUD

Insuring Agreement **A.7. Deception Fraud** does not cover:

Loss of "money", "securities" and "other property" when the person committing the fraudulent scheme, trick, device or false pretense is an "employee".

F. CRIME COMMON 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 Property Choice 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 through consolidation or merger with, or purchase or acquisition of assets or liabilities of, some other entity, any additional persons who become "Employees" or you acquire the use and control of any additional premises:

- (1) You must give us written notice and obtain our written consent to extend this insurance to such additional "employees" or "premises". We may condition our consent upon 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 Agreements **A.1. Employee Theft** or **A.2. Forgery or Alteration**) involves a violation of a 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 from when we request the information.
- (5) Cooperate with us in the investigation and settlement of any claim.

f. Employee Benefit Plan(s)

- (1) The "employee benefit plan(s)" shown in the Declarations, Schedules or endorsements are included as Insureds under Insuring agreement **A.1. Employee Theft**.
- (2) If any "employee benefit plan(s)" 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. Employee Theft** 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.
- (3) With respect to losses sustained or "discovered" by any such Plan, Insuring Agreement **A.1. Employee Theft** 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 to that Insured for loss sustained by any Plan will be held by that Insured for the use and benefit of the Plan(s) 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; that arises out of one "occurrence", is to be shared by each Plan sustaining loss in the proportion that the Limit of Insurance required for each Plan bears to the total Limits of Insurance of all plans sustaining loss.

(6) The Deductible Amount applicable to Insuring agreement **A.1. Employee Theft** does not apply to loss sustained by any "employee benefit plan(s)".

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 60 days from the date of that cancellation or expiration. 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 60 days 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 the loss had been sustained by one Insured.

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.

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. 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, Schedules or Endorsements 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, Schedules or Endorsements;

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, Schedules or Endorsements, by the sum total of all such other insurance plus any Deductible Amount applicable to that other insurance.

k. Ownership of Property; Interests Covered

The property covered under this insurance is limited to property:

- (1) That you own or lease;
- (2) That you hold for others; or
- (3) For which you are legally liable, except for property inside a premises of a "client" of yours.

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.

l. Policy Bridge - Discovery Replacing Loss Sustained

(1) If this insurance replaces insurance that provided you with an extended period of time after cancellation in which to discover loss and which did not terminate at the time this insurance became effective:

(a) We will not pay for any loss that occurred during the Policy Period of that prior insurance which is "discovered" by you during the extended period to "discover" loss, unless the amount of loss exceeds the Limit of Insurance

and Deductible Amount of that prior insurance. In that case, we will pay for the excess loss subject to the terms and conditions of this policy.

(b) However, any payment we make for the excess loss will not be greater than the difference between the Limit of Insurance and Deductible Amount of that prior insurance and the Limit of Insurance shown in the Declarations, Schedules or Endorsements.

We will not apply the Deductible Amount shown in the Declarations, Schedules or Endorsements to this excess loss.

(2) The Other Insurance Condition F.1. j. does not apply to this Condition.

m. Records

You must keep records of all Covered Property so we can verify the amount of any loss.

n. 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.

o. Territory

This insurance covers acts committed or events occurring within the United States of America (including its territories and possessions), Puerto Rico and Canada.

p. 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.

q. Valuation - Settlement

(1) Subject to Section B. 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:

- (i)** At face value of 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 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.** Value of the "Securities" at the close of business on the day the loss was discovered; or
- ii.** Limit of Insurance.

(c) Loss of or damage to "other property" for the replacement cost of the property without deduction for depreciation as of the time of loss. However, we will not pay

more than the least of the following:

- (i)** The Limit of Insurance applicable to the lost or damaged property;
- (ii)** The cost to replace the lost or damaged property with other property of comparable material and quality and used for the same purpose; or
- (iii)** The amount you actually spent that is necessary to repair or replace the lost or damaged property.

We will not pay on a replacement cost basis for any loss:

- (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 may, at our option, pay for loss of, or loss from damage to, property other than "Money":

- (a)** In the "Money" of the country in which the loss occurred; or
- (b)** In the United States of America dollar equivalent of the "Money" of the country in which the loss 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. Employee Theft

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.n.** for a period of not more than 90 days.

3. Conditions Applicable to Insuring Agreement A.2. Forgery or Alteration:

a. Deductible Amount

The Deductible amount does not apply to legal expenses paid under Insuring Agreement **A.2. Forgery or Alteration.**

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.

d. Territory

We will cover loss you sustain anywhere in the world. The Territory Condition **E.1.n.** does not apply to Insuring Agreement **A.2. Forgery or Alteration.**

4. Condition Applicable to Insuring Agreement A.4. Outside the Premises - Theft of Money and Securities

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 semiprecious 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.5. Computer and Funds Transfer Fraud

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. COMMON CRIME CONDITION - Territory - **F.1.o.** does not apply to Insuring Agreement **A.5.**

6. Conditions Applicable To Insuring Agreement A.7. Deception Fraud

Territory

We will cover loss that you sustain resulting directly from an "occurrence" taking place anywhere in the world. COMMON CRIME CONDITION - Territory - **F.1.o.** does not apply to Insuring Agreement **A.7.**

G. Definitions

- 1. "Banking Premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.
- 2. "Client" means any entity for whom you perform services under a written agreement.
- 3. "Counterfeit money" means an imitation of "money" that is intended to deceive and to be taken as genuine.
- 4. "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.
- 5. "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.

6. "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 other 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 (1) above, who is on leave; or
 - (b) To meet seasonal or short-term workload 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:
 - (a) A trustee, officer, employee, 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", director, partner, "member", "manager", representative 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 insurance; 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.
7. "Employee benefit plan(s)" means any welfare or pension benefit plan shown in the Declarations, Schedules or endorsements, that you sponsor and which is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.
 8. "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.
 9. "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. Forgery or Alteration**) 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 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.

10. "Funds" means "money" and "securities".
11. "Manager" means a person serving in a directorial capacity for a limited liability company.
12. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".
13. "Messenger" means you, or a relative of yours, or any partners or "members", or any "employee" while having care custody of property outside the "premises".
14. "Money" means:
 - a. Currency, coins and bank notes in current use and having a face value; and
 - b. Travelers checks, registered checks and money orders held for sale to the public.
15. "Occurrence" means:
 - a. Under Insuring Agreement **A.1. Employee Theft**:
 - (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 an "employee" acting alone or in collusion with other persons, during the Policy Period shown in the declarations, before such Policy Period or both.
 - b. Under Insuring Agreement **A.2. Forgery or Alteration**:
 - (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, before such Policy Period or both.
 - 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, before such Policy Period or both.
16. "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 excluded under this insurance.
17. "Premises" means the interior of that portion of any building you occupy in conducting your business.
18. "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".
19. "Theft" means the unlawful taking of "money", "securities", or "other property" to the deprivation of the Insured.
20. "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. Forgery or Alteration**) establishing the conditions under which such transfers are to be initiated by such financial institution through an electronic funds transfer system.
21. "Watchperson" means any person you retain specifically to have care and custody of property inside the "premises" and who has no other duties.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES - CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

PROPERTY CHOICE COVERAGE PART

A. Paragraphs **2.**, **3.** and **5.** of the CANCELLATION Common Policy Conditions are replaced by the following:

2. All Policies In Effect For 60 Days Or Less:

If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

a. 10 days before the effective date of cancellation if we cancel for:

(1) Nonpayment of premium; or

(2) Discovery of fraud by:

(a) Any insured or his or her representative in obtaining this insurance; or

(b) You or your representative in pursuing a claim under this policy.

b. 30 days before the effective date of cancellation if we cancel for any other reason.

3. All Policies In Effect For More Than 60 Days:

a. 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 upon the occurrence, after the effective date of the policy, of one or more of the following:

(1) Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.

(2) Discovery of fraud or material misrepresentation by:

(a) Any insured or his or her representative in obtaining this insurance; or

(b) You or your representative in pursuing a claim under this policy.

(3) A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.

(4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.

(5) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.

(6) A determination by the Commissioner of Insurance that the:

(a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or

(b) Continuation of the policy coverage would:

(i) Place us in violation of California law or the laws of the state where we are domiciled; or

(ii) Threaten our solvency.

(7) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.

b. We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, at least:

(1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium or discovery of fraud; or

(2) 30 days before the effective date of cancellation if we cancel for any other reason listed in Paragraph 3.a.

5. If this policy is cancelled, we will send the first Named Insured any premium refund due. The refund, if any, will be computed on a pro rata basis. However, the refund may be less than pro rata if we made a loan to you for the purpose of payment of premiums for this policy.

The cancellation will be effective even if we have not made or offered a refund.

B. The following provision is added to the CANCELLATION Common Policy Conditions:

7. Residential Property

This provision applies to coverage on real property which is used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal property in a residential unit.

a. If this coverage has been in effect for 60 days or less, and is not a renewal of coverage we previously issued, we may cancel this coverage for any reason, except as provided in b. and c. below.

b. We may not cancel this coverage solely because the first Named Insured has:

(1) Accepted an offer of earthquake coverage; or

(2) Cancelled or did not renew a policy issued by the California Earthquake Authority (CEA) that included an earthquake surcharge.

However, we shall cancel this policy if the first Named Insured has accepted a new or renewal policy issued by the CEA that includes an earthquake policy premium surcharge but fails to pay the earthquake policy premium surcharge authorized by the CEA.

c. We may not cancel this coverage solely because corrosive soil conditions exist on the premises.

C. The following is added and supersedes any provisions to the contrary:

1. Nonrenewal

Subject to the provisions of Paragraphs C.2. and C.3. below, if we elect not to renew this policy, we will mail or deliver written notice, stating the reason for nonrenewal, to the first Named Insured shown in the Declarations, and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date.

We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the policy.

2. Residential Property

This provision applies to coverage on real property used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal property contained in a residential unit.

a. We may elect not to renew this coverage for any reason, except as provided in **b.**, **c.** and **d.** below.

b. We will not refuse to renew this coverage solely because the first Named Insured has accepted an offer of earthquake coverage. However, the following applies only to insurers who are associate participating insurers as established by Cal. Ins. Code Section 10089.16. We may elect not to renew this coverage after the first Named Insured has accepted an offer of earthquake coverage, if one or more of the following reasons applies:

(1) The nonrenewal is based on sound underwriting principles that relate to the coverages provided by this policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;

(2) The Commissioner of Insurance finds that the exposure to potential losses will threaten our solvency or place us in a hazardous condition. A hazardous condition includes, but is not limited to, a condition in which we make claims payments for losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policyholder surplus of at least 25% for payment of those claims; or

(3) We have:

(a) Lost or experienced a substantial reduction in the availability or scope of reinsurance coverage; or

(b) Experienced a substantial increase in the premium charged for reinsurance coverage of our residential property insurance

policies; and the commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in our reinsurance position.

c. We will not refuse to renew such coverage solely because the first Named Insured has cancelled or did not renew a policy, issued by the California Earthquake Authority, that included an earthquake policy premium surcharge.

d. We will not refuse to renew such coverage solely because corrosive soil conditions exist on the premises.

3. We are not required to send notice of nonrenewal in the following situations:

a. If the transfer or renewal of a policy, without any changes in terms, conditions or rates, is between us and a member of our insurance group.

b. If the policy has been extended for 90 days or less, provided that notice has been given in accordance with Paragraph **C.1**, above.

c. If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.

d. If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.

e. If the first Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.

f. If we have made a written offer to the first Named Insured, in accordance with the time frames shown in Paragraph **C.1**, above, to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.

PROPERTY CHOICE



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CANCELLATION CHANGES

This endorsement modifies insurance provided under the following:

PROPERTY CHOICE COVERAGE PART PROPERTY CHOICE POLICY

The following is added to the CANCELLATION Common Policy Conditions:

If any one of the following conditions exists at any building that is Covered Property in this policy, we may cancel this Coverage Part by mailing or delivering to the first Named Insured written notice of cancellation at least 5 days before the effective date of cancellation.

- A.** The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:
1. Seasonal unoccupancy;
 2. Buildings in the course of construction, renovation or addition; or
 3. Buildings to which the Vacancy Permit endorsement applies.
- Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.
- B.** After damage by a covered cause of loss, permanent repairs to the building:
1. Have not started, and
 2. Have not been contracted for,
- within 30 days of initial payment of loss.

- C.** The building has:
1. An outstanding order to vacate;
 2. An outstanding demolition order;
 3. Been declared unsafe by governmental authority.
- D.** Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling.
- E.** There has been failure to:
1. Furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or
 2. Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES

This endorsement modifies insurance provided under the following:

PROPERTY CHOICE COVERAGE PART

- A.** The following is added to **SPECIFIC EXCLUSIONS**, of the Property Choice - Covered Causes of Loss And Exclusions Form (PC 10 10):
- We will not pay for loss or damage caused by enforcement of "The Field Act". "The Field Act", which deals with earthquake safety standards, means:
1. The provisions of Article 4, Chapter 2, Division 11, Part 3, of the Educational Code of the State of California, including amendments.
 2. All rules and regulations for the administration or enforcement of the Act, including but not limited to Sections 101 to 1206 inclusive of Title 21 of the California Administrative Code as it is now or as it may be reorganized.
- B.** With respect to an "open policy", the following are added to any provision in this Coverage Part which uses the term actual cash value.
- Actual cash value is determined as follows:
1. In the event of a total loss to a building or structure, actual cash value is calculated as the Limit of Insurance applicable to that building or structure or the fair market value of the building or structure, which ever is less.
 2. In the event of a partial loss to a building or structure, actual cash value is calculated as **2.a.** or **2.b.**, which ever is less:
 - a. The amount it would cost to repair, rebuild or replace the property less a fair and reasonable deduction for physical depreciation of the components of the building or structure that are normally subject to repair or replacement during its useful life. Physical depreciation is based upon the condition of the property at the time of the loss;
 - b. The limit of Insurance applicable to the property.
- 3.** In the event of a partial or total loss to Covered Property other than a building or structure, actual cash value is calculated as the lesser of the following:
- a. The amount it would cost to repair or replace the property less a fair and reasonable deduction for physical depreciation, based on the condition of the property at the time of loss; or
 - b. The Limit of Insurance applicable to the property.
- 4.** An "open policy" is a policy under which the value of Covered Property is not fixed at policy inception, but is determined at the time of loss in accordance with policy provisions on valuation. The term "open policy" does not apply to Covered Property that is subject to an Agreed Value clause or similar clause that establishes an agreed value prior to loss, unless such clause has expired.
- C.** The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following with respect to loss of damage caused by fire:
- We do not provide coverage to the insured who, whether before or after a loss, has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:
1. This Coverage Part;
 2. The Covered Property;
 3. That insured's interest in the Covered Property; or
 4. A claim under this Coverage Part or Coverage Form.

D. The Concealment, Misrepresentation Or Fraud Condition is replaced by the following with respect to loss of damage caused by a Covered Cause of Loss other than fire:

This Coverage Part is void if any insured, whether before or after a loss, has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:

1. This Coverage Part;
2. The Covered Property;
3. That insured's interest in the Covered Property; or
4. A claim under this Coverage Part or Coverage Form.

E. The Appraisal Condition is replaced by the following:

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written request for an appraisal of the loss. If the request is accepted, each party will select a competent and impartial appraiser. Each party shall notify the other of the appraiser selected within 20 days of the request. The two appraisers will select an umpire. If they cannot agree within 15 days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or 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.

F. Item E. 1. LOSS PAYMENT AND VALUATION CONDITIONS – Replacement Cost found in the Property Choice Coverage Form (PC 00 10) is revised as follows:

Subitem **1.b.** is deleted and is replaced with the following:

b. We will not pay on a replacement cost basis for any loss or damage until the lost or damaged property is actually repaired or replaced. Prior to such repair or replacement, and in accordance with the terms applicable Loss Payment conditions in this policy, we will pay the actual cash value of the lost or damaged property as described in this endorsement. If the actual cash value does not exhaust the applicable Limit of Insurance, we will then pay the difference between the actual cash value and the replacement cost, provided that the repair or replacement is completed:

- (1) Within 12 months after our first payment of the actual cash value; or
- (2) Within 24 months after our first payment of the actual cash value if the loss or damage relates to a state of emergency as described in Section 8558 of the Government Code;

unless we extend the time period for good cause.

The foregoing provisions do not constitute a waiver of our right to deny the claim for any valid reason or to restrict payment in cases of suspected fraud.



Quick Reference

Commercial Inland Marine Coverage Part

READ YOUR POLICY CAREFULLY

DECLARATIONS

- o List of what forms this Coverage Part
- o Type of Coverage
- o Premium(s)
- o Loss Payee (If Applicable)
- o List of form numbers that make up this Coverage Part

COMMERCIAL INLAND MARINE CONDITIONS

LOSS CONDITIONS

- A. Abandonment
- B. Appraisal
- C. Duties In The Event of Loss
- D. Insurance Under Two or More Coverages
- E. Loss Payment
- F. Other Insurance
- G. Pair, Sets or Parts
- H. Privilege To Adjust With Owner
- I. Recoveries
- J. Reinstatement of Limit After Loss
- K. Transfer of Rights of Recovery Against Others To Us

GENERAL CONDITIONS

- A. Concealment, Misrepresentation or Fraud
- B. Legal Action Against Us
- C. No Benefit to Bailee
- D. Policy Period
- E. Valuation

COVERAGE FORMS(S)

- A. COVERAGE
- B. EXCLUSIONS
- C. LIMITS OF INSURANCE
- D. DEDUCTIBLE
- E. ADDITIONAL CONDITIONS
- F. DEFINITIONS

COMMERCIAL INLAND MARINE COVERAGE PART - DECLARATIONS



POLICY NUMBER: 20 UUN UX2005

This COMMERCIAL INLAND MARINE COVERAGE PART consists of:

- A. This Declarations;
- B. Commercial Inland Marine Conditions; and
- C. Any Coverage Forms, Endorsements and Schedules issued to be a part of this Coverage Part and listed below.

Summary of Commercial Inland Marine Coverage and Premium:

Type of Coverage	Advance Premium
MISCELLANEOUS PROPERTY	\$390.00

Total Advance Premium \$394.00

The following applies to coverages that are subject to Reporting requirements:

Type of Coverage:

Deposit Premium:
 Premium Base
 Computed on:
 Reporting Period:
 Adjustment Period:
 Reporting Rate
 Coverage Minimum Premium:

AUDIT PERIOD:

We will adjust any losses with you and pay any claim to you and this Loss Payee jointly or as interests may appear.

Loss Payee:

Except in this Declarations, when we use the word "Declarations" in this Coverage Part, we mean this "Declarations" or the "Common Policy Declarations".

Form Numbers of Coverage Forms, Endorsements and Schedules that are a part of this Coverage Part:

HM99040186 CM00010904 IH09520115 MS00201285 MS19011285T

COMMERCIAL INLAND MARINE CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and applicable Additional Conditions in Commercial Inland Marine Coverage Forms:

LOSS CONDITIONS

A. Abandonment

There can be no abandonment of any property to us.

B. Appraisal

If we and you disagree on the value of the property or the amount of the 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:

1. Pay its chosen appraiser; and
2. 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.

C. Duties In The Event Of Loss

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. You will not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.

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. 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.

8. Send us a signed, sworn proof of loss containing the information we request to settle the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

9. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or suit.

10. Cooperate with us in the investigation or settlement of the claim.

D. 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.

E. Loss Payment

1. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.

2. We will not pay you more than your financial interest in the Covered Property.

3. 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 claim against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

4. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
5. 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 the terms of this Coverage Part and:
 - a. We have reached agreement with you on the amount of the loss; or
 - b. An appraisal award has been made.
6. We will not be liable for any part of a loss that has been paid or made good by others.

F. 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.

G. Pair, Sets Or Parts

1. Pair Or Set

In case of loss or damage to any part of a pair or set we may:

- a. Repair or replace any part to restore the pair or set to its value before the loss or damage; or
- b. Pay the difference between the value of the pair or set before and after the loss or damage.

2. Part

In case of loss or damage to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

H. 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.

I. Reinstatement Of Limit After Loss

The Limit of Insurance will not be reduced by the payment of any claim, except for total loss or damage of a scheduled item, in which event we will refund the unearned premium on that item.

J. 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.
2. After a loss to your Covered Property only if, at time of loss, that party is one of the following:
 - a. Someone insured by this insurance; or
 - b. A business firm:
 - (1) Owned or controlled by you; or
 - (2) That owns or controls you.

This will not restrict your insurance.

GENERAL CONDITIONS

A. Concealment, Misrepresentation Or Fraud

This Coverage Part is void in any case of fraud, intentional concealment or misrepresentation of a material fact, by you or any other insured, at any time, 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. 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 the terms of this Coverage Part; and

2. The action is brought within 2 years after you first have knowledge of the direct loss or damage.

D. No Benefit To Bailee

No person or organization, other than you, having custody of Covered Property, will benefit from this insurance.

E. Policy Period, Coverage Territory

We cover loss or damage commencing:

1. During the policy period shown in the Declarations; and
2. Within the coverage territory.

F. Valuation

The value of property will be the least of the following amounts:

1. The actual cash value of that property;
2. The cost of reasonably restoring that property to its condition immediately before loss or damage; or
3. The cost of replacing that property with substantially identical property.

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



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 INLAND MARINE COVERAGE PART

A. Disclosure Of Federal Share of Terrorism Losses

The United States Department of the Treasury will reimburse insurers for a portion of such insured losses as indicated in the table below that exceeds the applicable insurer deductible:

Calendar Year	Federal Share of Terrorism Losses
2015	85%
2016	84%
2017	83%
2018	82%
2019	81%
2020 or later	80%

However, if aggregate insured losses attributable to "certified acts of terrorism" under the federal Terrorism Risk Insurance Act, as amended (TRIA), exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion. The United States Government has not charged any premium for their participation in covering terrorism losses.

B. Cap On Insurer Liability For Terrorism Losses

A "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 under TRIA. The criteria contained in TRIA, for a "certified act of terrorism" include the following:

1. The act results in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to TRIA; and

2. The act results in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of an United States mission; and
3. 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 "certified acts of terrorism" under TRIA exceed \$100 billion in a calendar year and we have met, or will meet, our insurer deductible under TRIA we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion. In such case, your coverage for terrorism losses may be reduced on a pro-rata basis in accordance with procedures established by the Treasury, based on its estimates of aggregate industry losses and our estimate that we will exceed our insurer deductible. In accordance with Treasury procedures, amounts paid for losses may be subject to further adjustments based on differences between actual losses and estimates.

C. Application Of Other Exclusions

The terms and limitations of any terrorism exclusion, the inapplicability or omission of a terrorism exclusion, or the inclusion of terrorism coverage, 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 and the War And Military Action Exclusion.



MISCELLANEOUS 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 F - DEFINITIONS.

A. COVERAGE

We will pay for direct physical "loss" to Covered Property caused by any of the Covered Causes of Loss.

1. Covered Property, as used in this Coverage Form, means property listed and described in the Declarations or Schedule.

2. Property Not Covered

Covered Property does not include contraband or property in the course of illegal transportation or trade.

3. Covered Causes of Loss

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL "LOSS" to Covered Property from any external cause except those causes of "loss" listed in the Exclusions.

B. EXCLUSIONS

1. We will not pay for "loss" caused directly or indirectly 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. Seizure or destruction of property by order of governmental authority.

But we will pay for acts of destruction to Covered Property ordered by governmental authority and taken at the time of a fire to prevent its spread.

- b. (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct physical "loss" to Covered Property caused by resulting fire.

- c. (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" caused by or resulting from any of the following:

- a. Delay, loss of use, loss of market, or any other causes of consequential "loss".
- b. Wear and tear, depreciation or obsolescence.
- c. Rust, corrosion, fungus, decay, deterioration, hidden or latent defect, or any quality in property that causes it to damage or destroy itself.
- d. Insects, birds, rodents, or other animals.
- e. Mechanical breakdown or failure.

But we will pay for direct physical "loss" to Covered Property caused by resulting fire or explosion, except as otherwise excluded.

f. Artificially generated electric current, including electric arcing, that disturbs electrical:

- (1) Devices;
- (2) Equipment;
- (3) Appliances; or
- (4) Wires.

But we will pay for direct physical "loss" to Covered Property caused by resulting fire or explosion, except as otherwise excluded.

- g. Unexplained disappearance.
- h. Shortage found upon taking inventory.
- i. Dishonest acts by:
- (1) You or any of your partners;
- (2) Your directors or trustees;
- (3) Your authorized representatives or employees; or

MISCELLANEOUS PROPERTY COVERAGE FORM

(4) Anyone, other than a carrier for hire, to whom you entrusted the Covered Property, including their employees, for any purpose:

whether acting alone or in collusion with others; and

whether or not occurring during the hours of employment.

j. Voluntary parting with any property whether or not induced to do so by any fraudulent scheme, trick, device or false pretense.

k. Unauthorized instructions to transfer property to any person or to any place.

l. Spoilage, contamination, leakage, breakage, marring, scratching, freezing, wetness, dampness or exposure to light, darkness or heat.

But we will pay for such direct physical "loss" to Covered Property caused by any of the "specified causes of loss", except as otherwise excluded.

m. Theft from any unattended vehicle unless at the time of theft its windows, doors and compartments were closed and locked and there are visible signs that the theft was the result of forced entry.

But this exclusion does not apply to property in the custody of a carrier for hire.

n. Processing or work upon the property.

But we will pay for direct physical "loss" to Covered Property caused by resulting fire or explosion, except as otherwise excluded.

C. LIMITS OF INSURANCE

The most we will pay for "loss" in any one occurrence is the smallest applicable Limit of Insurance shown in:

1. The Declarations;
2. The Schedule(s);
3. The Coverage Form; or
4. The Endorsement(s).

If we show a Maximum Limit of Insurance, that is the most we will pay for all "loss" in any one occurrence to Covered Property insured under this Coverage Form.

D. DEDUCTIBLE

We will adjust the "loss" in any one occurrence as a single "loss". The Deductible amount shown in the Declarations or Schedule will be subtracted from the lesser amount of:

1. The adjusted "loss"; or
2. The applicable Limit of Insurance.

E. ADDITIONAL CONDITIONS

The Commercial Inland Marine Conditions and the Common Policy Conditions apply as well as those listed below:

1. Coverage Territory

We insure the Covered Property only while it is located in:

- a. The United States of America;
- b. Puerto Rico; or
- c. Canada.

2. Coinsurance

Covered Property must be insured for its total value as of the time of "loss" or you will incur a penalty.

This penalty is that we will pay only the proportion of any "loss" that the applicable Limit of Insurance shown in the Declarations or Schedule for the Covered Property bears to the value of the Covered Property as of the time of "loss".

If we cover two or more items, this condition will apply to each item separately.

F. DEFINITIONS

1. "Loss" means accidental loss or damage.
2. "Specified causes of loss" means: fire; lightning; explosion; windstorm; hail; smoke; riot; strike; vandalism; theft; flood; earth movement; or accident to the vehicle while carrying the Covered Property.

COMMERCIAL INLAND MARINE SCHEDULE OF PROPERTY COVERED



This schedule provides supplementary information to be used with the Commercial Inland Marine Coverage shown.

POLICY NUMBER: 20 UUN UX2005

TYPE OF COVERAGE:

MISCELLANEOUS PROPERTY

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RATE:	\$1.95	PREMIUM:	\$390	MAX LIMIT:	\$20,000	DEDUCTIBLE:	\$2,500
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ITEM NO.	DESCRIPTION OF ITEM COVERED	LIMIT OF INSURANCE
=====		
1.	MISCELLANEOUS TOOLS (MAXIMUM PER ITEM LIMIT: \$5,000)	\$20,000



QUICK REFERENCE COMMERCIAL GENERAL LIABILITY COVERAGE PART OCCURRENCE

READ YOUR POLICY CAREFULLY

DECLARATIONS PAGES

- Named Insured and Mailing Address
- Policy Period
- Description of Business and Location
- Coverages and Limits of Insurance

Beginning on Page

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COMMON POLICY CONDITIONS

- Cancellation
- Changes
- Examination of Your Books and Records
- Inspections and Surveys
- Premiums
- Transfer of Your Rights and Duties under this Policy

ENDORSEMENTS

These form numbers are shown on the Coverage Part - Declarations Page or on the Common Policy Declarations Page.



**COMMERCIAL GENERAL LIABILITY
COVERAGE PART - DECLARATIONS**

POLICY NUMBER: 20 UUN UX2005

This COMMERCIAL GENERAL LIABILITY COVERAGE PART consists of:

- A. This Declarations;
- B. Commercial General Liability Schedule;
- C. Commercial General Liability Coverage Form; and
- D. Any Endorsements issued to be a part of this Coverage Part and listed below.

LIMITS OF INSURANCE

The Limits of Insurance, subject to all the terms of this Policy that apply, are:

Each Occurrence Limit	\$1,000,000
Damage to Premises Rented to You Limit - Any One Premises	\$300,000
Medical Expense Limit - Any One Person	\$10,000
Personal and Advertising Injury Limit	\$1,000,000
General Aggregate Limit, (other than Products-Completed Operations)	\$2,000,000
Products-Completed Operations Aggregate Limit	\$2,000,000

ADVANCE PREMIUM: \$1,624.00

AUDIT PERIOD:

Except in this Declarations, when we use the word "Declarations" in this Coverage Part, we mean this "Declarations" or the "Common Policy Declarations."

Form Numbers of Coverage Forms, Endorsements and Schedules that are part of this Coverage Part:

HC70010605	CG21500413	CG22300798	CG22710413	CG25040509
HC00880916	HC21091087	HC21110798	HC21140318	HC21200189
HC22340305	HC23140617	HC23700115	HC30060916	HG00010916
CG20260413	HC21370393	HC21900608	HG21020315	HG22030315
HC12101185T				
IH12011185	ADDITIONAL INSURED			
IH12011185	FORM HC2114			
	EXCLUSION - DESIGNATED OPERATIONS			

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF LIQUOR LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following replaces Exclusion **c.** under Paragraph **2. Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability:**

2. Exclusions

This insurance does not apply to:

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, including causing or contributing to the intoxication of any person because alcoholic beverages were permitted to be brought on your premises, for consumption on your premises;
- (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.

This exclusion applies only if you:

- (1)** Manufacture, sell or distribute alcoholic beverages;
- (2)** Serve or furnish alcoholic beverages for a charge whether or not such activity:
 - (a)** Requires a license;
 - (b)** Is for the purpose of financial gain or livelihood;
- (3)** Serve or furnish alcoholic beverages without a charge, if a license is required for such activity; or
- (4)** Permit any person to bring any alcoholic beverages on your premises, for consumption on your premises.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - CORPORAL PUNISHMENT

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" to your student arising out of any corporal punishment administered by or at the direction of any insured.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COLLEGES OR SCHOOLS (LIMITED FORM)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

With respect to the operation of any college or school by you or on your behalf, the following provisions apply:

A. With respect to the transportation of students, Exclusion **g.** of Paragraph **2. Exclusions** of **Section I – Coverage A – Bodily Injury And Property Damage Liability** is replaced by the following:

2. Exclusions

This insurance does not apply to:

g. "Bodily injury" or "property damage" arising out of the ownership, maintenance, operation, use, "loading or unloading" or entrustment to others of any aircraft, "auto" or watercraft that is owned, operated or hired by any insured. For the purpose of this exclusion, the word hired includes any contract to furnish transportation of your students to and from schools.

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, operated or hired by any insured.

B. The following exclusions are added to **Section I – Coverage A – Bodily Injury And Property Damage Liability** and **Section I – Coverage B – Personal And Advertising Injury Liability**:

1. If the college or school owns or operates an infirmary with facilities for lodging and treatment or a public clinic or hospital, this insurance does not apply to "bodily injury", "property damage", or "personal and advertising injury" caused by:

a. The rendering of or failure to render:

(1) Medical, surgical, dental, X-ray or nursing service, treatment, advice or instruction, or the related furnishing of food or beverages;

(2) Any health or therapeutic service, treatment, advice or instruction; or

(3) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming.

b. The furnishing or dispensing of drugs or medical, dental or surgical supplies or appliances; or

c. The handling or treatment of dead bodies, including autopsies, organ donation or other procedures.

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", or the offense which caused the "personal and advertising injury", involved that which is described in Paragraph **a.**, **b.** or **c.**

2. This insurance does not apply to "bodily injury" to any person while practicing for or participating in any sports or athletic contest or exhibition if there is no direct management, organization or supervision of such sports or athletic contest or exhibition by any insured.

C. The following exclusion is added to **Section I – Coverage C – Medical Payments**:

We will not pay expenses for "bodily injury" to your student.

D. **Section II – Who Is An Insured** is amended to include as an insured any of the following but only with respect to their duties in connection with the positions described below:

1. Any of your trustees or members of your Board of Governors if you are a private charitable or educational institution;

2. Any of your board members or commissioners if you are a public board or commission; or

3. Any student teachers teaching as part of their educational requirements.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DESIGNATED LOCATION(S) GENERAL AGGREGATE LIMIT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

<p>Designated Location(s):</p> <p>ALL LOCATIONS</p>
<p>Information required to complete this Schedule, if not shown above, will be shown in the Declarations.</p>

- A.** For all sums which the insured becomes legally obligated to pay as damages caused by "occurrences" under Section I – Coverage **A**, and for all medical expenses caused by accidents under Section I – Coverage **C**, which can be attributed only to operations at a single designated "location" shown in the Schedule above:
1. A separate Designated Location General Aggregate Limit applies to each designated "location", and that limit is equal to the amount of the General Aggregate Limit shown in the Declarations.
 2. The Designated Location General Aggregate Limit is the most we will pay for the sum of all damages under Coverage **A**, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard", and for medical expenses under Coverage **C** regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits".
 3. Any payments made under Coverage **A** for damages or under Coverage **C** for medical expenses shall reduce the Designated Location General Aggregate Limit for that designated "location". Such payments shall not reduce the General Aggregate Limit shown in the Declarations nor shall they reduce any other Designated Location General Aggregate Limit for any other designated "location" shown in the Schedule above.
 4. The limits shown in the Declarations for Each Occurrence, Damage To Premises Rented To You and Medical Expense continue to apply. However, instead of being subject to the General Aggregate Limit shown in the Declarations, such limits will be subject to the applicable Designated Location General Aggregate Limit.

- B.** For all sums which the insured becomes legally obligated to pay as damages caused by "occurrences" under Section I – Coverage **A**, and for all medical expenses caused by accidents under Section I – Coverage **C**, which cannot be attributed only to operations at a single designated "location" shown in the Schedule above:
1. Any payments made under Coverage **A** for damages or under Coverage **C** for medical expenses shall reduce the amount available under the General Aggregate Limit or the Products-completed Operations Aggregate Limit, whichever is applicable; and
 2. Such payments shall not reduce any Designated Location General Aggregate Limit.
- C.** When coverage for liability arising out of the "products-completed operations hazard" is provided, any payments for damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard" will reduce the Products-completed Operations Aggregate Limit, and not reduce the General Aggregate Limit nor the Designated Location General Aggregate Limit.
- D.** For the purposes of this endorsement, the **Definitions** Section is amended by the addition of the following definition:
- "Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.
- E.** The provisions of Section **III** – Limits Of Insurance not otherwise modified by this endorsement shall continue to apply as stipulated.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CYBERFLEX AMENDMENT OF COVERAGE B - PERSONAL AND ADVERTISING INJURY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

This endorsement broadens coverage for "your web site" or internet-related activities.

A. Section V - Definitions is changed as follows:

1. Definition Of Advertisement - Internet

The following is added to Paragraph **a.** of the definition of "advertisement":

"Advertisement" means the widespread public dissemination of information or images that has the purpose of inducing the sale of goods, products or services through:

a. (6) The Internet;

2. Definition of Personal And Advertising Injury

a. Your Web Site

Paragraphs **f.** and **g.** of the definition of "personal and advertising injury" are replaced by the following:

"Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

f. Copying, in your "advertisement" or on "your web site", a person's or organization's "advertising idea" or style of "advertisement"; or

g. Infringement of copyright, slogan, or title of any literary or artistic work, in your "advertisement" or on "your web site".

b. Publication By Those With Unauthorized Access

The following is added to the definition of "personal and advertising injury":

As used in this definition, oral, written or electronic publication includes publication of material in your care,

custody or control by someone not authorized to access or distribute that material.

3. Definition of Your Web Site

The following definition is added:

"Your web site" means a web page or set of interconnected web pages prepared and maintained by you, or by others on your behalf, for the purpose of promoting your business or promoting your goods, products or services, that is accessible over an internet.

B. Paragraph 2., Exclusions of Section I - Coverage B - Personal And Advertising Injury Liability is amended as follows:

1. Exclusions **f., g.** and **i.** are replaced by the following:

f. Breach Of Contract

"Personal and advertising injury" arising out of any breach of contract, except an implied contract to use another's "advertising idea" in your "advertisement" or on "your web site";

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" or on "your web site";

i. Infringement Of Intellectual Property Rights

(1) "Personal and advertising injury" arising out any actual or alleged infringement or violation of any intellectual property right, such as copyright, patent, trademark, trade

name, trade secret, trade dress, service mark or other designation of origin or authenticity; or

- (2)** Any injury or damage alleged in any claim or "suit" that also alleges an infringement or violation of any intellectual property right, whether such allegation of infringement or violation is made by you or by any other party involved in the claim or "suit", regardless of whether this insurance would otherwise apply.

However, this exclusion does not apply if the only allegation in the claim or "suit" involving any intellectual property right is limited to:

- (1)** Infringement, in your "advertisement" or on "your web site", of:
 - (a)** Copyright;
 - (b)** Slogan; or
 - (c)** Title of any literary or artistic work; or

- (2)** Copying, in your "advertisement" or on "your web site", a person's or organization's "advertising idea" or style of "advertisement".

- 2.** Exclusions **k.** - Electronic Chatrooms Or Bulletin Boards does not apply.
- 3.** Subparagraphs **(1)**, **(2)** and **(3)** of Exclusion **p.** - Internet Advertisements And Content Of Others do not apply.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - TRAMPOLINE AND GYMNASTIC REBOUNDING DEVICES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

This insurance does not apply to "bodily injury" arising out of the:

- (1) ownership,
- (2) maintenance,
- (3) operation, or
- (4) use

of any trampoline or gymnastic rebounding device.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - EXPOSURES NOT CONTEMPLATED IN CLASSIFICATION (VACANT LAND)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

EXCLUSION SCHEDULE

- (a)** "real estate development property"
- (b)** vacant land used by persons other than the insured for business purposes
- (c)** hunting preserves.

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of any premises, hazards or operations shown in the Exclusion Schedule.

This Exclusion does not apply to any premises, hazards or operations specifically described as covered in a schedule forming a part of this Coverage Part.

"Real estate development property" means land in any stage of active development. Active development includes site preparation work as well as actual construction activities.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - ALL TERRAIN VEHICLES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

This policy does not apply to "bodily injury" or "property damage" arising out of the ownership, operations, maintenance, use, entrustment to others, or loading or unloading of any "all terrain vehicle" ("ATV").

As used herein, "all terrain vehicle" ("ATV") means any self-propelled vehicle, other than a snowmobile, which is designed for operation primarily on off-highway competitions and only incidentally operated on public highways.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ABSOLUTE SEXUAL ABUSE OR MOLESTATION EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following exclusion is added to the policy:

This insurance does not apply to any injury or damage, loss, cost or expense, including but not limited to "bodily injury", "property damage" or "personal and advertising injury" arising out of, or relating to, in whole or in part:

1. Actual, threatened or attempted "sexual abuse".

"Sexual abuse" means lewd, lascivious or sexual conduct, including but not limited to:

- a.** Sexual intercourse, including but not limited to any kind of sexual penetration, of any bodily orifice or part;
- b.** Sexual molestation;
- c.** Sexually explicit, sexually oriented, or sexually suggestive language, images, acts or statements;
- d.** Inappropriate touching, including but not limited to any kissing or fondling of any bodily part, including but not limited to genitalia;
- e.** Sexual exhibitionism;
- f.** Voyeurism; or
- g.** Photographic, audio, video or digital recording or the showing of any of the foregoing

by any person(s), whether injury is intended or not.

2. Any:

- a.** Employment of;
- b.** Investigation of or failure to investigate;
- c.** Supervision of or failure to supervise;
- d.** Reporting to the proper authorities of, or failure to so report;
- e.** Retention of; or
- f.** Failure to protect others from the conduct of

any person(s) whose conduct would be excluded by paragraph 1. above.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DISCRIMINATION - AMENDMENT OF PERSONAL AND ADVERTISING INJURY DEFINITION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

Paragraph **h.** is added to the definition of "Personal and advertising injury" as follows:

- h.** Discrimination that results in humiliation or other injury to the feelings or reputation of a natural person, provided that such discrimination is not committed by or at your direction, or the direction of any partner, member, manager, "executive officer", director, stockholder or trustee of the insured.



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 stock insurance company member of The Hartford 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" 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.
- d. 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".
- e. **Incidental Medical Malpractice And Good Samaritan Coverage**
- "Bodily injury" arising out of the rendering of or failure to render the following health care services by any "employee" or "volunteer worker" shall be deemed to be caused by an "occurrence" for:

- (1) Professional health care services such as:
 - (a) Medical, surgical, dental, laboratory, x-ray or nursing services or treatment, advice or instruction, or the related furnishing of food or beverages;
 - (b) Any health or therapeutic service, treatment, advice or instruction; or
 - (c) The furnishing or dispensing of drugs or medical, dental, or surgical supplies or appliances; or
- (2) First aid services, which include:
 - (a) Cardiopulmonary resuscitation, whether performed manually or with a defibrillator; or
 - (b) Services performed as a Good Samaritan.

For the purpose of determining the limits of insurance, any act or omission together with all related acts or omissions in the furnishing of these services to any one person will be considered one "occurrence".

However, this Incidental Medical Malpractice And Good Samaritan Coverage provision applies only if you are not engaged in the business or occupation of providing any of the services described in this provision.

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" or "property damage" 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 attorney 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 attorney 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:

- (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.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

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;

- (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"; or

- (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".

(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 51 feet long; and
 - (b) Not being used to carry persons 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;

(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"; or

(6) An aircraft that is not owned by any insured and is hired, chartered or loaned with a paid crew. However, this exception does not apply if the insured has any other insurance for such "bodily injury" or "property damage", whether the other insurance is primary, excess, contingent or on any other basis.

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;
- (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) and (4) of this exclusion do not apply to "property damage" arising from the use of elevators.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraphs (3) and (4) of this exclusion do not apply to "property damage" to borrowed equipment while not being used to perform operations at the job site.

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. 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.

However, unless Paragraph (1) above applies, this exclusion does not apply to 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. Employment-Related Practices

"Bodily injury" to:

- (1) A person arising out of any "employment-related practices"; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any "employment-related practices" are directed.

This exclusion applies:

- (1) Whether the injury-causing event described in the definition of "employment-related practices" 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.

r. Asbestos

- (1) "Bodily injury" or "property damage" arising out of the "asbestos hazard".
- (2) Any damages, judgments, settlements, loss, costs or expenses that:
 - (a) May be awarded or incurred by reason of any claim or suit alleging actual or threatened injury or damage of any nature or kind to persons or property which would not have occurred in whole or in part but for the "asbestos hazard";
 - (b) Arise out of any request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, encapsulate, contain, treat, detoxify or neutralize or in any way respond to or assess the effects of an "asbestos hazard"; or
 - (c) Arise out of any claim or suit for damages because of testing for, monitoring, cleaning up, removing, encapsulating, containing, treating,

detoxifying or neutralizing or in any way responding to or assessing the effects of an "asbestos hazard".

s. 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 Transaction Act (FACTA); or
- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA or 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.

Damage To Premises Rented To You - Exception For Damage By Fire, Lightning Or Explosion

Exclusions c. through h. and j. through n. do not apply to damage by fire, lightning or explosion 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" arising out of an offense committed by, at the direction or with the consent or acquiescence of the insured with the expectation of inflicting "personal and advertising injury".

b. Material Published With Knowledge Of Falsity

"Personal and advertising injury" arising out of oral, written or electronic 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, written or electronic 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.

i. Infringement Of Intellectual Property Rights

- (1) "Personal and advertising injury" arising out of any actual or alleged infringement or violation of any intellectual property rights such as copyright, patent, trademark, trade name, trade secret, trade dress, service mark or other designation of origin or authenticity; or

- (2) Any injury or damage alleged in any claim or "suit" that also alleges an infringement or violation of any intellectual property right, whether such allegation of infringement or violation is made by you or by any other party involved in the claim or "suit", regardless of whether this insurance would otherwise apply.

However, this exclusion does not apply if the only allegation in the claim or "suit" involving any intellectual property right is limited to:

- (1) Infringement, in your "advertisement", of:
- (a) Copyright;
 - (b) Slogan; or
 - (c) Title of any literary or artistic work; or
- (2) Copying, in your "advertisement", a person's or organization's "advertising idea" or style of "advertisement".

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 **a.**, **b.** and **c.** of the definition 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.

I. 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 metatags, 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. Internet Advertisements And Content Of Others

"Personal and advertising injury" arising out of:

- (1) An "advertisement" for others on your web site;
- (2) Placing a link to a web site of others on your web site;
- (3) Content, including information, sounds, text, graphics, or images from a web site of others displayed within a frame or border on your web site; or

(4) Computer code, software or programming used to enable:

(a) Your web site; or

(b) The presentation or functionality of an "advertisement" or other content on your web site.

q. Right Of Privacy Created By Statute

"Personal and advertising injury" arising out of the violation of a person's right of privacy created by any state or federal act.

However, this exclusion does not apply to liability for damages that the insured would have in the absence of such state or federal act.

r. Violation Of Anti-Trust law

"Personal and advertising injury" arising out of a violation of any anti-trust law.

s. Securities

"Personal and advertising injury" arising out of the fluctuation in price or value of any stocks, bonds or other securities.

t. 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 Transaction Act (FACTA); or
- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA or 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.

u. Employment-Related Practices

"Personal and advertising injury" to:

- (1) A person arising out of any "employment-related practices"; 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 "employment-related practices" are directed.

This exclusion applies:

- (1) Whether the injury-causing event described in the definition of "employment-related practices" 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.

v. Asbestos

- (1) "Personal and advertising injury" arising out of the "asbestos hazard".
- (2) Any damages, judgments, settlements, loss, costs or expenses that:
 - (a) May be awarded or incurred by reason of any claim or suit alleging actual or threatened injury or damage of any nature or kind to persons or property which would not have occurred in whole or in part but for the "asbestos hazard";
 - (b) Arise out of any request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, encapsulate, contain, treat, detoxify or neutralize or in any way respond to or assess the effects of an "asbestos hazard"; or
 - (c) Arise out of any claim or suit for damages because of testing for, monitoring, cleaning up, removing, encapsulating, containing, treating, detoxifying or neutralizing or in any way responding to or assessing the effects of an "asbestos hazard".

w. 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.

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:
 - (1) The accident takes place in the "coverage territory" and during the policy period;
 - (2) The expenses are incurred and reported to us within three years of the date of the accident; and
 - (3) 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 \$1,000 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 appeal bonds or 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 \$500 a day because of time off from work.
- e. All court costs taxed against the insured in the "suit". However, such costs do not include attorneys' fees, attorneys' expenses, witness or expert fees, or any other expenses of a party taxed to 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.
- 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:

- a. We have used up the applicable limit of insurance in the payment of judgments or settlements; or
- b. 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.

2. Each of the following is also an insured:

a. Employees And Volunteer Workers

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 that

"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 Paragraphs (1)(a) or (1)(b) above; or

- (d) Arising out of his or her providing or failing to provide professional health care services.

If you are not in the business of providing professional health care services:

- (a) Subparagraphs (1)(a), (1)(b) and (1)(c) above do not apply to any "employee" or "volunteer worker" providing first aid services; and

- (b) Subparagraph (1)(d) above does not apply to any nurse, emergency medical technician or paramedic employed by you to provide such 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. Real Estate Manager

Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.

c. Temporary Custodians Of Your Property

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. Legal Representative If You Die

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.

e. Unnamed Subsidiary

Any subsidiary, and subsidiary thereof, of yours which is a legally incorporated entity of which you own a financial interest of more than 50% of the voting stock on the effective date of the Coverage Part.

The insurance afforded herein for any subsidiary not named in this Coverage Part as a named insured does not apply to injury or damage with respect to which such insured is also a named insured under another policy or would be a named insured under such policy but for its termination or the exhaustion of its limits of insurance.

3. Newly Acquired Or Formed Organization

Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain financial interest of more than 50% of the voting stock, 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 180th 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.

4. Nonowned Watercraft

With respect to watercraft you do not own that is less than 51 feet long and is not being used to carry persons for a charge, any person is an insured while operating such watercraft with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the watercraft, and only if no other insurance of any kind is available to that person or organization for this liability.

However, no person or organization is an insured with respect to:

- a. "Bodily injury" to a co-"employee" of the person operating the watercraft; or
- b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.

5. Additional Insureds When Required By Written Contract, Written Agreement Or Permit

The following person(s) or organization(s) are an additional insured when you have agreed, in a written contract, written agreement or because of a permit issued by a state or political subdivision, that such person or organization be added as an additional insured on your policy, provided the injury or damage occurs subsequent to the execution of the contract or agreement.

A person or organization is an additional insured under this provision only for that period of time required by the contract or agreement.

However, no such person or organization is an insured under this provision if such person or organization is included as an insured by an endorsement issued by us and made a part of this Coverage Part.

a. Vendors

Any person(s) or organization(s) (referred to below as vendor), but only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business and only if this Coverage Part provides coverage for "bodily injury" or "property damage" included within the "products-completed operations hazard".

- (1) The insurance afforded the vendor is subject to the following additional exclusions:

This insurance does not apply to:

- (a) "Bodily injury" or "property damage" for which the vendor 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 that the vendor would have in the absence of the contract or agreement;
- (b) Any express warranty unauthorized by you;
- (c) Any physical or chemical change in the product made intentionally by the vendor;
- (d) Repackaging, except when unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;
- (e) Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;
- (f) Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;
- (g) Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor; or

(h) "Bodily injury" or "property damage" arising out of the sole negligence of the vendor for its own acts or omissions or those of its employees or anyone else acting on its behalf. However, this exclusion does not apply to:

(i) The exceptions contained in Sub-paragraphs (d) or (f); or

(ii) Such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products.

(2) This insurance does not apply to any insured person or organization, from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.

b. Lessors Of Equipment

(1) Any person(s) or organization(s) from whom you lease equipment; but only with respect to their liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your maintenance, operation or use of equipment leased to you by such person(s) or organization(s).

(2) With respect to the insurance afforded to these additional insureds this insurance does not apply to any "occurrence" which takes place after the equipment lease expires.

c. Lessors Of Land Or Premises

Any person or organization from whom you lease land or premises, but only with respect to liability arising out of the ownership, maintenance or use of that part of the land or premises leased to you.

With respect to the insurance afforded these additional insureds the following additional exclusions apply:

This insurance does not apply to:

1. Any "occurrence" which takes place after you cease to lease that land; or
2. Structural alterations, new construction or demolition operations performed by or on behalf of such person or organization.

d. Architects, Engineers Or Surveyors

Any architect, engineer, or surveyor, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or

omissions of those acting on your behalf:

- (1) In connection with your premises; or
- (2) In the performance of your ongoing operations performed by you or on your behalf.

With respect to the insurance afforded these additional insureds, the following additional exclusion applies:

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of or the failure to render any professional services by or for you, including:

1. The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
2. Supervisory, inspection, architectural or engineering activities.

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", or the offense which caused the "personal and advertising injury", involved the rendering of or the failure to render any professional services by or for you.

e. Permits Issued By State Or Political Subdivisions

Any state or political subdivision, but only with respect to operations performed by you or on your behalf for which the state or political subdivision has issued a permit.

With respect to the insurance afforded these additional insureds, this insurance does not apply to:

- (1) "Bodily injury", "property damage" or "personal and advertising injury" arising out of operations performed for the state or municipality; or
- (2) "Bodily injury" or "property damage" included within the "products-completed operations hazard".

f. Any Other Party

Any other person or organization who is not an additional insured under Paragraphs a. through e. above, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

- (1) In the performance of your ongoing operations;

- (2) In connection with your premises owned by or rented to you; or
- (3) In connection with "your work" and included within the "products-completed operations hazard", but only if
- (a) The written contract or agreement requires you to provide such coverage to such additional insured; and
- (b) This Coverage Part provides coverage for "bodily injury" or "property damage" included within the "products-completed operations hazard".

However:

- (1) The insurance afforded to such additional insured only applies to the extent permitted by law; and
- (2) If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

With respect to the insurance afforded to these additional insureds, this insurance does not apply to:

"Bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:

- (1) The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
- (2) Supervisory, inspection, architectural or engineering activities.

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", or the offense which caused the "personal and advertising injury", involved the rendering of or the failure to render any professional services by or for you.

The limits of insurance that apply to additional insureds is described in Section III - Limits Of Insurance.

How this insurance applies when other insurance is available to the additional insured is described in the Other Insurance Condition in Section IV - Commercial General Liability Conditions.

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 Most We Will Pay

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. General Aggregate Limit

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.

3. Products-Completed Operations Aggregate Limit

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. Personal And Advertising Injury Limit

Subject to 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. Each Occurrence Limit

Subject to 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. Damage To Premises Rented To You Limit

Subject to 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, lightning or explosion, while rented to you or temporarily occupied by you with permission of the owner.

In the case of damage by fire, lightning or explosion, the Damage to Premises Rented To You Limit applies to all damage proximately caused by the same event, whether such damage results from fire, lightning or explosion or any combination of these.

7. Medical Expense Limit

Subject to **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.

8. How Limits Apply To Additional Insureds

If you have agreed in a written contract or written agreement that another person or organization be added as an additional insured on your policy, the most we will pay on behalf of such additional insured is the lesser of:

- a. The limits of insurance specified in the written contract or written agreement; or
- b. The Limits of Insurance shown in the Declarations.

Such amount shall be a part of and not in addition to Limits of Insurance shown in the Declarations and described in this Section.

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. Notice Of Occurrence Or Offense

You or any additional insured 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. Notice Of Claim

If a claim is made or "suit" is brought against any insured, you or any additional insured must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You or any additional insured must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. Assistance And Cooperation Of The Insured

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. Obligations At The Insureds Own Cost

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.

e. Additional Insureds Other Insurance

If we cover a claim or "suit" under this Coverage Part that may also be covered by other insurance available to an additional insured, such additional insured must submit such claim or "suit" to the other insurer for defense and indemnity.

However, this provision does not apply to the extent that you have agreed in a written contract or written agreement that this insurance is primary and non-contributory with the additional insured's own insurance.

f. Knowledge Of An Occurrence, Offense, Claim Or Suit

Paragraphs **a.** and **b.** apply to you or to any additional insured only when such "occurrence", offense, claim or "suit" is known to:

- (1) You or any additional insured that is an individual;
- (2) Any partner, if you or the additional insured is a partnership;

- (3) Any manager, if you or the additional insured is a limited liability company;
- (4) Any "executive officer" or insurance manager, if you or the additional insured is a corporation;
- (5) Any trustee, if you or the additional insured is a trust; or
- (6) Any elected or appointed official, if you or the additional insured is a political subdivision or public entity.

This duty applies separately to you and any additional insured.

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.

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 **b.** below applies. If other insurance is also primary, we will share with all that other insurance by the method described in **c.** below.

b. Excess Insurance

This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis:

(1) Your Work

That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";

(2) Premises Rented To You

That is fire, lightning or explosion insurance for premises rented to you or temporarily occupied by you with permission of the owner;

(3) Tenant Liability

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;

(4) Aircraft, Auto Or Watercraft

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;

(5) Property Damage To Borrowed Equipment Or Use Of Elevators

If the loss arises out of "property damage" to borrowed equipment or the use of elevators to the extent not subject to Exclusion **j.** of Section **I** - Coverage **A** - Bodily Injury And Property Damage Liability;

(6) When You Are Added As An Additional Insured To Other Insurance

Any other insurance available to you covering liability for damages arising out of the premises or operations, or products and completed operations, for which you have been added as an additional insured by that insurance; or

(7) When You Add Others As An Additional Insured To This Insurance

Any other insurance available to an additional insured.

However, the following provisions apply to other insurance available to any person or organization who is an additional insured under this coverage part.

(a) Primary Insurance When Required By Contract

This insurance is primary if you have agreed in a written contract or written agreement that this insurance be primary. If other insurance is also primary, we will share with all that other insurance by the method described in **c.** below.

(b) Primary And Non-Contributory To Other Insurance When Required By Contract

If you have agreed in a written contract, written agreement, or permit that this insurance is primary and non-contributory with the additional insured's own insurance, this insurance is primary and we will not seek contribution from that other insurance.

Paragraphs **(a)** and **(b)** do not apply to other insurance to which the additional insured has been added as an additional insured.

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.

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:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

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

a. When You Accept This Policy

By accepting this policy, you agree:

- (1) The statements in the Declarations are accurate and complete;
- (2) Those statements are based upon representations you made to us; and
- (3) We have issued this policy in reliance upon your representations.

b. Unintentional Failure To Disclose Hazards

If unintentionally you should fail to disclose all hazards relating to the conduct of your business that exist at the inception date of this Coverage Part, we shall not deny coverage under this Coverage Part because of such failure.

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

a. Transfer Of Rights Of Recovery

If the insured has rights to recover all or part of any payment, including Supplementary Payments, 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.

b. Waiver Of Rights Of Recovery (Waiver Of Subrogation)

If the insured has waived any rights of recovery against any person or organization for all or part of any payment, including Supplementary Payments, we have made under this Coverage Part, we also waive that right, provided the insured waived their rights of recovery against such person or organization in a contract, agreement or permit that was executed prior to the injury or damage.

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 the widespread public dissemination of information or images that has the purpose of inducing the sale of goods, products or services through:

- a. (1) Radio;
- (2) Television;
- (3) Billboard;
- (4) Magazine;
- (5) Newspaper; or
- b. Any other publication that is given widespread public distribution.

However, "advertisement" does not include:

- a. The design, printed material, information or images contained in, on or upon the packaging or labeling of any goods or products; or
- b. An interactive conversation between or among persons through a computer network.

2. **"Advertising idea"** means any idea for an "advertisement".

3. **"Asbestos hazard"** means an exposure or threat of exposure to the actual or alleged properties of asbestos and includes the mere presence of asbestos in any form.

4. **"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".

5. **"Bodily injury"** means physical:

- a. Injury;
- b. Sickness; or
- c. Disease

sustained by a person and, if arising out of the above, mental anguish or death at any time.

6. **"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 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 a. above;
- (2) The activities of a person whose home is in the territory described in 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 the United States of America (including its territories and possessions), Puerto Rico or Canada, in a "suit" on the merits according to the substantive law in such territory or in a settlement we agree to.

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

8. **"Employment-Related Practices"** means:

- 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.

9. **"Executive officer"** means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.

10. **"Hostile fire"** means one which becomes uncontrollable or breaks out from where it was intended to be.

11. **"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.

12. **"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, lightning or explosion to premises while rented to you or temporarily occupied by you with permission of the owner is subject to the Damage to

Premises Rented To You Limit described in Section III - Limits of Insurance;

- b. A sidetrack agreement;
- c. Any easement or license agreement, including an easement or license agreement 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. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph f. includes that part of any contract or agreement 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.

However, Paragraph f. does not include that part of any contract or agreement:

- (1) 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
- (2) 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 (1) above and supervisory, inspection, architectural or engineering activities.

13. "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".

14. "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".

15. "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 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 a., b., c. or d. 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":

- (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 vehicle that is 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".

16. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

17. "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 or organization occupies, committed by or on behalf of its owner, landlord or lessor;
- d. Oral, written or electronic 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, written or electronic publication, in any manner, of material that violates a person's right of privacy;
- f. Copying, in your "advertisement", a person's or organization's "advertising idea" or style of "advertisement"; or
- g. Infringement of copyright, slogan, or title of any literary or artistic work, in your "advertisement".

18. "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.

19. "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.

20. "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.

As used in this definition, computerized or electronically stored data, programs or software are not tangible property. Electronic data means information, facts or programs:

- a. Stored as or on;
 - b. Created or used on; or
 - c. 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.

21. "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.

22. "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.

23. "Volunteer worker" means a person who

- a. Is not your "employee";
- b. Donates his or her work;
- c. Acts at the direction of and within the scope of duties determined by you; and
- d. Is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

24. "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.

25. "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.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - UNMANNED AIRCRAFT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM
COMMERCIAL GENERAL LIABILITY COVERAGE FORM (EXCESS - BROAD FORM)
COMMERCIAL GENERAL LIABILITY COVERAGE FORM (EXCESS)

A. Exclusion 2.g. Aircraft, Auto Or Watercraft under **Section I - Coverage A - Bodily Injury And Property Damage Liability** is replaced by the following:

2. Exclusions

This insurance does not apply to:

g. Aircraft, Auto Or Watercraft

(1) Unmanned Aircraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft". Use includes operation and "loading or unloading".

This Paragraph **g.(1)** 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 that is an "unmanned aircraft".

(2) Aircraft (Other Than Unmanned Aircraft), Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft (other than "unmanned aircraft"), "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This Paragraph **g.(2)** 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 (other than "unmanned aircraft"), "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This Paragraph **g.(2)** does not apply to:

- (a)** A watercraft while ashore on premises you own or rent;
- (b)** A watercraft you do not own that is:
 - (i)** Less than 51 feet long; and
 - (ii)** Not being used to carry persons for a charge;
- (c)** 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;
- (d)** Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (e)** "Bodily injury" or "property damage" arising out of:
 - (i)** 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

(ii) The operation of any of the machinery or equipment listed in Paragraph f.(2) or f.(3) of the definition of "mobile equipment".

(f) An aircraft that is not owned by any insured and is hired, chartered or loaned with a paid crew. However, this exception does not apply if the insured has any other insurance for such "bodily injury" or "property damage", whether the other insurance is primary, excess, contingent or on any other basis.

B. The following exclusion is added to Paragraph 2. **Exclusions of Coverage B - Personal And Advertising Injury Liability:**

2. Exclusions

This insurance does not apply to:

Unmanned Aircraft

"Personal and advertising injury" arising out of the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft". 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 offense which caused the "personal and advertising injury" involved the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft".

This exclusion does not apply to:

- a. The use of another's advertising idea in your "advertisement"; or
- b. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

C. The following definition is added to the **Definitions** section:

"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.

POLICY NUMBER: 20 UUN UX2005



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

ADDITIONAL INSURED

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SACRAMENTO EMPLOYMENT & TRAINING AGENCY
926 DEL PASO BLVD STE 100
SACRAMENTO, CA 95815

"IT IS AGREED THAT ANY INSURANCE AND/OR SELF-INSURANCE MAINTAINED BY THE SACRAMENTO EMPLOYMENT & TRAINING AGENCY SHALL APPLY IN EXCESS OF AND NOT CONTRIBUTE WITH ANY INSURANCE PROVIDED BY THIS POLICY."

GOLDEN SIERRA JOB TRAINING AGENCY; DEWITT CENTER
11549 F AVENUE
AUBURN, CA 95603-2715

SWIFT TRANSPORTATION
2200 S 75TH AVE
PHOENIX, AZ 95043-7410

POLICY NUMBER: 20 UUN UX2005



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

FORM HC2114
EXCLUSION - DESIGNATED OPERATIONS

COMMERCIAL GENERAL LIABILITY COVERAGE PART

HC2114 - DESCRIPTION OF OPERATIONS:
ROCK CLIMBING, RAPPELLING AND RELATED ACTIVITIES ON NATURAL ROCKS OR CLIFFS PROVIDED DIRECTLY BY THE SCHOOL. (ACCEPTABLE IF THIRD PARTY VENDOR IS HOSTING OR PROVIDING THE TRIP/EXCURSION WITH APPROPRIATE RISK TRANSFER.)

HC2114 - LOCATION:
ALL LOCATIONS

HC2114 - DESCRIPTION OF OPERATIONS:
SCUBA DIVING OTHER THAN IN A MAN MADE SWIMMING POOL IF PROVIDED DIRECTLY BY THE SCHOOL.
ICE CLIMBING
WHITE WATER RAFTING ON CLASS IV OR GREATER RAPIDS

HC2114 - LOCATION:
ALL LOCATIONS

ANY BOATING OR WATER ACTIVITIES INVOLVING PRE-K (AGE 4 AND YOUNGER)
ALL ACTIVITIES AND OPERATIONS ON SKI SLOPES OWNED BY THE INSURED
FIREARMS/RIFLE/GUN ACTIVITIES
BUNGEE JUMPING, BASE JUMPING
PARA-SAILING, SKYDIVING, HANG GLIDING, OR OTHER AERIAL ACTIVITIES
AUTO, MOTORCYCLE OR MOTORBOAT RACING
PLATFORM DIVING
SCHOOL BOATING OR SAILING ACTIVITIES, CLUBS OR TEAMS WITH
ACTIVITIES TAKING PLACE GREATER THAN 1 MILES FROM SHORE OR ON BOATS GREATER THAN 25'
ALL OWNED HORSES AND RELATED ACTIVITIES AND/OR ANY NON-OWNED HORSE RIDING ACTIVITIES (OWNED OR NON-OWNED) INVOLVING CROSS COUNTRY JUMPING (OUTDOOR JUMPING COURSE THROUGH FIELD OR WOODS), FOX HUNTING, OR OTHER RACING OR TIMED EVENTS

POLICY NUMBER: 20 UUN UX2005



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

FORM HC2114
EXCLUSION - DESIGNATED OPERATIONS

COMMERCIAL GENERAL LIABILITY COVERAGE PART

TRAMPOLINES AND GYMNASTIC REBOUNDING DEVICES



QUICK REFERENCE EMPLOYEE BENEFITS LIABILITY COVERAGE PART CLAIMS MADE

READ YOUR POLICY CAREFULLY

DECLARATIONS PAGES

- Named Insured and Mailing Address
- Policy Period
- Description of Business and Location
- Coverages and Limits of Insurance

SECTION I - COVERAGES

Beginning on Page

Coverage EB	Insuring Agreement	1
	Exclusions	1
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SECTION II - WHO IS AN INSURED	2
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SECTION IV - EMPLOYEE BENEFITS LIABILITY CONDITIONS	3
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Separations of Insureds	4
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COMMON POLICY CONDITIONS

- Cancellation
- Changes
- Examination of Your Books and Records
- Inspections and Surveys
- Premiums
- Transfer of Your Rights and Duties under this Policy

ENDORSEMENTS

These form numbers are shown on the Coverage Part - Declarations Page or on the Common Policy Declarations Page.

**EMPLOYEE BENEFITS LIABILITY
COVERAGE PART - DECLARATIONS (CLAIMS MADE)**



POLICY NUMBER: 20 UUN UX2005

This EMPLOYEE BENEFITS LIABILITY COVERAGE PART (CLAIMS MADE) consists of:

- A. This Declarations;
- B. Commercial General Liability Schedule;
- C. Employee Benefits Liability Coverage Form; and
- D. Any Endorsements issued to be a part of this Coverage Part and listed below.

Retroactive Date: 01/15/02 . If no date is entered, the Retroactive Date is the Inception Date of the Policy Period stated in the Common Policy Declarations.

LIMITS OF INSURANCE

The Limits of Insurance, subject to all the terms of this Policy that apply, are:

Each Claim	\$1,000,000
Aggregate	\$1,000,000

ADVANCE PREMIUM: \$218.00

AUDIT PERIOD:

Except in this Declarations, when we use the word "Declarations" in this Coverage Part, we mean this "Declarations" or the "Common Policy Declarations."

Form Numbers of Coverage Forms, Endorsements and Schedules that are part of this Coverage Part:

HC23700115 HC70110286 HC00210799 HC12101185T



EMPLOYEE BENEFITS LIABILITY COVERAGE FORM

**COVERAGE EB PROVIDES CLAIMS MADE COVERAGE.
PLEASE READ THE ENTIRE FORM CAREFULLY.**

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.

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 VI - DEFINITIONS.

SECTION I - COVERAGE EB

1. INSURING AGREEMENT.

- a. We will pay those sums that the insured becomes legally obligated to pay as "damages" because of "employee benefits injury" to which this insurance applies. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under **SUPPLEMENTARY PAYMENTS - COVERAGE EB**. This insurance does not apply to "employee benefits injury" which occurred before the Retroactive Date, if any, shown in the Declarations or which occurs after the policy period. The negligent act, error or omission must take place in the "coverage territory".

We will have the right and duty to defend any "claim" or "suit" seeking such "damages". But:

- (1) The amount we will pay for "damages" is limited as described in **SECTION III - LIMITS OF INSURANCE;**
- (2) We may, at our discretion, investigate any alleged act, error or omission and settle any

"claim" or "suit" that may result; and

- (3) 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 Coverage EB. This applies both to "claims" and "suits" pending at that time and to those filed thereafter.

- b. This insurance applies to an "employee benefits injury" only if:

- (1) A "claim" for "damages" because of the "employee benefits injury" is first made against any insured during the policy period; and
- (2) At the time you applied for this insurance you had no knowledge of any "claim" or "suit" or of any "employee benefits injury" which might reasonably be expected to result in a "claim" or "suit," except as you had reported to us in writing at the time you so applied.

- c. A "claim" by a person or organization seeking "damages" will be deemed to have been made when notice of such "claim" is received and recorded by an insured or by us, whichever comes first.

- d. All "claims" for "damages" because of "employee benefits injury" to the same person or organization 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. Any civil or criminal liability imposed on the insured, arising out of:

- (1) Any failure by the insured to comply with

EMPLOYEE BENEFITS LIABILITY COVERAGE FORM

any federal or state statutory or regulatory reporting requirement relating to an "employee benefits program;" or

- (2) The commission or omission by an insured of any activity in connection with the management of assets of the "employee benefits program" which is prohibited under any federal or state statute or regulation.

For the purposes of this exclusion, civil or criminal liability includes pre or post judgement costs or expenses.

- b. "Bodily injury," "property damage," "personal and advertising injury."
- c. Any dishonest, fraudulent, criminal or malicious act.
- d. The failure of any investment or saving program to perform as represented by an insured.
- e. An "employee benefits injury" that arises out of advice given by any insured to an "employee" whether to participate or not to participate in any "employee benefits program."
- f. The failure of any insured to:
- (1) Perform any obligation;
- (2) Fulfill any guarantee;
- with respect to:
- (1) The payment of benefits under any "employee benefits program;" or
- (2) The providing, handling or investing of funds relating to any of these.

3. SUPPLEMENTARY PAYMENTS - COVERAGE EB

We will pay, with respect to any "claim" or "suit" we defend:

- a. All expenses we incur.
- b. 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.
- c. 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.
- d. All costs taxed against the insured in the "suit."
- e. 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.

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.
2. Each of the following is also an insured:
- a. 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.
- b. 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 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier; and
- b. Coverage EB does not apply to "employee benefits injury" that occurred before you acquired or formed the organization.

EMPLOYEE BENEFITS LIABILITY COVERAGE FORM

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. Person or organizations making "claims" or bringing "suit."
2. The Employee Benefits Liability Aggregate Limit is the most we will pay for all "damages" to which this insurance applies.
3. Subject to 2. above the Each Claim Limit is the most we will pay for all "damages" with respect to any one "claim".

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 Limits of Insurance.

SECTION IV - EMPLOYEE BENEFITS 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 Employee Benefits Injury, Claim or Suit.

- a. You must see to it that we are notified as soon as practicable of an "employee benefits injury" which may result in a "claim". To the extent possible, notice should include:
 - (1) How, when and where the "employee benefits injury" took place; and
 - (2) The names and addresses of any injured persons and witnesses.

Notice of an "employee benefits injury" is not notice of a "claim".

- b. If a written "claim" is made or "suit" is brought against any insured, you must see to it that we receive prompt written notice of the "claim" or "suit".

- 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, 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 "employee benefits injury" to which this insurance may also apply.

- 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.

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 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 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.

4. Other Insurance.

If other valid and collectible insurance is available to the insured for a loss we cover, 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.

EMPLOYEE BENEFITS LIABILITY COVERAGE FORM

b. Excess Insurance

This insurance is excess over any 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 Declarations of this Coverage Part and applies to "damages" on other than a claims-made basis, if:

- (1) No retroactive date is shown in the Declarations of this Coverage Part; or
- (2) The other insurance has a policy period which continues after the Retroactive Date shown in the Declarations of this Coverage Part.

When this insurance is excess, we will have no duty to defend any "claim" or "suit" that any other insurer has a duty to defend. 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.

When this insurance is excess, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

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.

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.

- 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;
- 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.

SECTION V - EXTENDED REPORTING PERIODS

- 1. We will provide one or more Extended Reporting Periods, as described below, if:
 - a. This Coverage Part is cancelled or not renewed; or
 - b. We renew or replace this Coverage Part with insurance that:

EMPLOYEE BENEFITS LIABILITY COVERAGE FORM

- (1) Has a Retroactive Date later than the date shown in the Declaration of this Coverage Part; or
 - (2) Does not apply to "employee benefits injury" on a claims-made basis.
2. A Basic Extended Reporting Period is auto-matically provided without additional charge. This period starts with the end of the policy period and lasts for:
- a. One year for "claims" arising out of an "employee benefits injury" reported to us, not later than 60 days after the end of the policy period, in accordance with paragraph 2.a. of **SECTION IV - EMPLOYEE BENEFITS LIABILITY CONDITIONS**; or
 - b. Sixty days for all other "claims".

The Basic Extended Reporting Period does not apply to "claims" that are covered under any subsequent insurance you purchase, or that would be covered but for exhaustion of the amount of insurance applicable to such "claims".

3. A Supplemental Extended Reporting Period of three years duration is available, but only by an endorsement and for an extra charge. This supplemental period starts:
- a. One year after the end of the policy period for "claims" arising out of an "occurrence" reported to us, not later than 60 days after the end of the policy period, in accordance with paragraph 2.a. of **SECTION IV - EMPLOYEE BENEFITS LIABILITY CONDITIONS**; or
 - b. Sixty days after the end of the policy period for all other "claims".

You must give us a written request for the endorsement within 60 days after the end of the policy period. The Supplemental 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. The exposures insured;
- b. Previous types and amount of insurance;
- c. Limits of Insurance available under this Coverage Part for future payment of "damages," and
- d. Other related factors.

The additional premium will not exceed 200% of the annual premium for this Coverage Part.

This endorsement shall set forth the terms, not inconsistent with this Section, applicable to the

Supplemental 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 Supplemental Extended Reporting Period starts.

4. Extended Reporting Periods do not extend the policy period or change the scope of coverage provided. They apply only to "claims" for "employee benefits injury" that occur before the end of the policy period (but not before the Retroactive Date, if any, shown in the Declarations).

"Claims" for such injury which are first received and recorded during the Basic Extended Reporting Period (or during the Supplemental Extended Reporting Period, if it is in effect) will be deemed to have been made on the last day of the policy period. Once in effect, Extended Reporting Periods may not be cancelled.

5. Extended Reporting Periods do not reinstate or increase the Limits of Insurance applicable to any "claim" to which this Coverage Part applies, except to the extent described in paragraph 6. of this Section.
6. If the Supplemental Extended Reporting Period is in effect, we will provide the separate aggregate limit of insurance described below, but only for "claims" first received and recorded during the Supplemental Extended Reporting Period.

The separate aggregate limit of insurance will be equal to the dollar amount shown in the Declarations in effect at the end of the policy period.

Paragraph 2. of **SECTION III - LIMITS OF INSURANCE** will be amended accordingly.

SECTION VI - DEFINITIONS

As used in this coverage part:

1. "Administration" means:
 - a. Giving counsel to your employees or their dependents and beneficiaries, with respect to interpreting the scope of your "employee benefits program" or their eligibility to participate in such programs; and
 - b. Handling records in connection with "employee benefits program".
2. "Advertisement" means a dissemination of information or images that has the purpose of inducing the sale of goods, products or services through:

EMPLOYEE BENEFITS LIABILITY COVERAGE FORM

- a. (1) Radio;
- (2) Television;
- (3) Billboard;
- (4) Magazine;
- (5) Newspaper; or
- b. Any other publication that is given widespread public distribution.

However, "advertisement" does not include the design, printed material, information or images contained in, on or upon the packaging or labeling of any goods or products.

3. "Advertising idea" means any idea for an "advertisement".
4. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including mental anguish or death resulting from any of these at any time.
5. "Claim" means a written demand received by any insured for "damages" alleging "employee benefits injury", including the institution of a "suit" for such "damages" against any insured.
6. "Coverage territory" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, provided the "employee benefits injury" does not occur in the course of travel or transportation to or from any place not included in a. above.
7. "Damages" include prejudgment interest awarded against the insured on that part of the judgment we pay. "Damages" do not include:
 1. Fines;
 2. Penalties; or
 3. Damages for which insurance is prohibited by the law applicable to the construction of this Coverage Part.
8. "Employee" includes a "leased worker" which is not covered under a labor leasing firm's "employee benefits program". "Employee" does not include a "temporary worker".
9. "Employee benefits injury" means injury that arises out of any negligent act, error or omission in the "administration" of your "employee benefits programs".
10. "Employee benefits program" means a formal program or programs of employee benefits maintained in connection with your business or operation, such as but not limited to:
 - a. Group life insurance, group accident or health insurance, profit sharing plans, pension plans and stock subscription plans, provided that no one other than an "employee" may subscribe to such insurance or plans; and
 - b. Unemployment insurance, social security benefits, workers' compensation and disability benefits.
11. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
12. "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".
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 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 of material that violates a person's right of privacy.
 - f. Copying, in your "advertisement", a person's or organization's "advertising ideas" or style of "advertisement" or
 - g. Infringement of copyright, slogan, or title of any literary or artistic work, in your "advertisement".
15. "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 shall be deemed to occur at the time of the "occurrence" that caused it.

EMPLOYEE BENEFITS LIABILITY COVERAGE FORM

15. "Suit" means a civil proceeding in which damage because of "employee benefits injury" to which this insurance applies are alleged. "Suit" includes:
- a. An arbitration proceeding in which such damages are claimed and to which you must submit or do submit with our consent; or
 - b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which you submit with our consent.
16. "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.



EDUCATORS PROFESSIONAL CHOICE POLICY DECLARATIONS

Policy Number: 20 UUN UX2005

NOTICE: THE COVERAGE PARTS SCHEDULED IN ITEM 5 OF THE DECLARATIONS PROVIDE CLAIMS MADE COVERAGE. EXCEPT AS OTHERWISE SPECIFIED HEREIN: YOUR COVERAGE APPLIES ONLY TO A CLAIM FIRST MADE DURING THE POLICY PERIOD AND REPORTED TO US IN ACCORDANCE WITH THE APPLICABLE NOTICE PROVISIONS, FOR WRONGFUL ACTS OCCURRING AFTER THE APPLICABLE RETROACTIVE DATE, IF ANY. COVERAGE IS SUBJECT TO THE INSURED'S PAYMENT OF THE APPLICABLE RETENTION. PAYMENT OF DEFENSE COSTS IS IN ADDITION TO THE AVAILABLE LIMIT OF LIABILITY. PLEASE READ THE POLICY CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.

Item 1: Named Entity and Mailing Address: CONSULTING ADVANTAGE, INC.
SEE IH1204
3079 KILGORE RD STE C
RANCHO CORDOVA CA 95670

Item 2: Producer's Name and Address: MARSH & MCLENNAN AGENCY LLC
11330 LAKEFIELD DR SUITE 100
JOHNS CREEK GA 30097

Item 3: Policy Period:
Inception Date: 08/15/19 12:01 AM, at your mailing address shown in Item 1
Expiration Date: 08/15/20 12:01 AM, at your mailing address shown in Item 1

Item 4: Premium: \$2,121.00

Item 5: Coverage Part Elections

Only those **Coverage Parts** and Optional Coverages designated with an "X" are included under this Policy.

<input type="checkbox"/>	Each Claim Combined Limit of Liability: Combined Aggregate Limit of Liability for All Coverage Parts:
<input checked="" type="checkbox"/>	Limits are not combined. See endorsement.

	Coverage Part	Retention	Retroactive Date	Optional Coverage
<input type="checkbox"/>	Directors, Officers and Entity Liability	Retention: Insuring Clause A Insuring Clause B Insuring Clause C	Retroactive Date: (if "None" is entered, prior acts coverage is unlimited)	
<input type="checkbox"/>	Employment Practices Liability	Retention:	Retroactive Date: (if "None" is entered, prior acts coverage is unlimited)	<input type="checkbox"/> Third Party Liability Retention: Retroactive Date:
<input checked="" type="checkbox"/>	Educators Errors and Omissions Liability	Retention: \$10,000	Retroactive Date: 08/15/16 (if "None" is entered, prior acts coverage is unlimited)	

Item 6: Supplemental Extended Reporting Period

Duration: 1 Year

Charge: 100% of Full Annual Premium

Full Annual Premium means the sum of the annual premium specified for all applicable **Coverage Parts** plus the annualized amounts of any additional premium(s) charged for such **Coverage Parts** during the **Policy Period**.

Item 7: Endorsements

This policy shall include the following endorsements at issuance:

HC23700115	HG00050315	HG00070315	HG05020315	HG25020315
HG99040315	HG21020315	HC12101185T		

This policy shall also include any endorsements that form a part of the Commercial General Liability Policy issued with the same Policy Number as this Policy and that are applicable to either "Educators Legal Liability" or "Educators Professional Choice" coverage.

Where required by law, this Policy is not binding unless countersigned by our Authorized Representative.

Countersigned by

Suean S. Castaneda

Authorized Representative

08/09/19

Date

POLICY NUMBER: 20 UUN UX2005



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SEPARATE LIMITS

This endorsement modifies the provisions of the following:

EDUCATORS PROFESSIONAL CHOICE POLICY – DECLARATIONS
COMMON TERMS AND CONDITIONS

(1) Item 5 of the Declarations is amended to read in its entirety as follows:

Item 5: Coverage Part Elections

Only those **Coverage Parts** and Optional Coverages that are designated with an “X” are included under this Policy.

<input checked="" type="checkbox"/>	Limits are not combined.				
	Coverage Part	Limit	Retention	Retroactive Date	Optional Coverage
<input type="checkbox"/>	Directors, Officers and Entity Liability	Each Claim Limit of Liability Aggregate Limit of Liability	Retention: Insuring Clause A Insuring Clause B Insuring Clause C	Retroactive Date:	
<input type="checkbox"/>	Employment Practices Liability	Each Claim Limit of Liability Aggregate Limit of Liability	Retention:	Retroactive Date:	<input type="checkbox"/> Third Party Liability Retention: Retroactive Date:
<input checked="" type="checkbox"/>	Educators Errors and Omissions Liability	Each Claim Limit of Liability \$1,000,000 Aggregate Limit of Liability \$1,000,000	Retention: \$10,000	Retroactive Date: 08/15/16	

(2) Section IV LIMIT OF LIABILITY of the Common Terms and Conditions of this Policy is deleted and replaced with the following:

IV. LIMIT OF LIABILITY

(A) The Each Claim Limit of Liability for each **Coverage Part** in Item 5 of the Declarations shall be the maximum

amount that we shall pay under such **Coverage Part** for all **Damages** from any **Claim** covered under such **Coverage Part**.

(B) The Aggregate Limit of Liability for each **Coverage Part** in Item 5 of the Declarations shall be the maximum

aggregate amount that we shall pay for all **Damages** from all **Claims** covered under such **Coverage Part** during the **Policy Period**.

- (C) In the event that a **Claim** is covered under more than one **Coverage Part**, then our maximum limit of liability for all **Damages** resulting from such **Claim** shall not exceed the largest single applicable Each Claim Limit of Liability available under any such **Coverage Part**.
- (D) With respect to all **Coverage Parts**, **Defense Costs** shall be in addition to each applicable Limit of Liability. If an

Aggregate Limit of Liability for any applicable **Coverage Part** is exhausted by the payment of **Damages**, we will have no further obligation to pay **Damages** or **Defense Costs** with respect to such **Coverage Part**. When the Aggregate Limit of Liability for every applicable **Coverage Part** is exhausted by the payment of **Damages**, the premium for the Policy shall be deemed fully earned and we will have no further obligation under this Policy.



EDUCATORS PROFESSIONAL CHOICE POLICY COMMON TERMS AND CONDITIONS

NOTICE: THE COVERAGE PARTS SCHEDULED IN ITEM 5 OF THE DECLARATIONS PROVIDE CLAIMS MADE COVERAGE. EXCEPT AS OTHERWISE SPECIFIED HEREIN: YOUR COVERAGE APPLIES ONLY TO A CLAIM FIRST MADE DURING THE POLICY PERIOD AND REPORTED TO US IN ACCORDANCE WITH THE APPLICABLE NOTICE PROVISIONS, FOR WRONGFUL ACTS OCCURRING AFTER THE APPLICABLE RETROACTIVE DATE, IF ANY. COVERAGE IS SUBJECT TO THE INSURED'S PAYMENT OF THE APPLICABLE RETENTION. PAYMENT OF DEFENSE COSTS IS IN ADDITION TO THE AVAILABLE LIMIT OF LIABILITY. PLEASE READ THE POLICY CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.

Throughout this Policy the words "you" and "your" refer to the Named Entity shown in the Declarations, and any other person or organization qualifying as a Named Entity under this Policy. The words "we," "us" and "our" refer to the Company issuing this Policy. Other words and phrases that appear in bold have special meaning.

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In consideration of the payment of the premium and subject to the Declarations and all of the terms, conditions and limitations of this Policy, the **Insureds** and we agree as follows:

I. TERMS AND CONDITIONS

(A) All **Coverage Parts** included in this Policy are subject to the following Common Terms and Conditions. If any provision in these Common Terms and Conditions is inconsistent or in conflict with the terms and conditions of any **Coverage Part**, the terms and conditions of such **Coverage Part** shall control for purposes of that **Coverage Part**.

(B) Except as otherwise provided by specific reference to other **Coverage Parts**, the terms and conditions of each **Coverage Part** shall apply only to such **Coverage Part**.

(C) This Policy is also subject to certain endorsements to the Commercial General Liability Policy of which this Policy is a coverage part, which endorsements are referenced in Item 7 of the Declarations of this Policy.

II. COMMON DEFINITIONS

The following terms, whether used in the singular or plural, shall have the meanings specified below.

- (A) “**Application**” means the application for this Policy or series of policies issued by us for which this policy is a renewal or replacement, including any materials or information submitted therewith or made available to us during the underwriting process.
- (B) “**Claim**” shall have the meaning specified for such term in each **Coverage Part**.
- (C) “**Coverage Part**” means any of the following:
- (1) Directors, Officers and Entity Liability Coverage Part;
 - (2) Employment Practices Liability Coverage Part; or
 - (3) Educators Errors and Omissions Liability Coverage Part;
- if purchased for this Policy as stated in Item 5 of the Declarations.
- (D) “**Damages**” shall have the meaning specified for such term in each **Coverage Part**.
- (E) “**Debtor in Possession**” means a “debtor in possession” as such term is defined in Chapter 11 of the U.S. Bankruptcy Code as well as any equivalent status under any similar law.
- (F) “**Defense Costs**” means:
- (1) reasonable and necessary legal fees and expenses incurred in the defense or appeal of a **Claim**;
 - (2) the costs of appeal, attachment or similar bonds, provided that we shall have no obligation to furnish such bonds or to provide them in excess of the applicable Limits of Liability; and
 - (3) all reasonable expenses incurred by the **Insured** at our request to assist us in the investigation or the defense of a **Claim** or suit, including actual loss of earnings, up to \$500 a day with a maximum aggregate limit of \$10,000 for all **Insureds**, because of time off from work to attend a hearing, trial or deposition.

However, **Defense Costs** shall not include:

- (a) salaries, wages, remuneration, overhead or benefit expenses associated with any **Insureds**, except as expressly provided in subparagraph (3) above;
- (b) any fees, expenses or costs that are incurred by or on behalf of a party that is not a covered **Insured**; or

(c) any fees, expenses or costs that were incurred prior to the date on which we received written notice of the **Claim** from the **Insured**.

- (G) “**Domestic Partner**” means any natural person qualifying as a domestic partner under the provisions of any applicable federal, state or local law or under the provisions of any formal program established by the **Insured Entity**.
- (H) “**Employee**” shall have the meaning specified for such term in each **Coverage Part**.
- (I) “**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended; any similar federal, state, local or common law; and any rules and regulations promulgated under such law.
- (J) “**Financial Insolvency**” means the status of an **Insured Entity** as a result of:
- (1) the appointment of any conservator, liquidator, receiver, rehabilitator, trustee, or similar official to control, supervise, manage or liquidate such **Insured Entity**; or
 - (2) such **Insured Entity** becoming a **Debtor in Possession**.
- (K) “**Insured Entity**” means the **Named Entity** and any additional entities specifically scheduled by endorsement to this Policy.
- (L) “**Insured**” shall have the meaning specified for such term in each **Coverage Part**.
- (M) “**Insured Person**” shall have the meaning specified for such term in each **Coverage Part**.
- (N) “**Interrelated Wrongful Acts**” means **Wrongful Acts** that have as a common nexus any fact, circumstance, situation, event, transaction, goal, motive, methodology, or cause or series of causally connected facts, circumstances, situations, events, transactions, goals, motives, methodologies or causes.
- (O) “**Loss**” means **Defense Costs** and **Damages**.
- (P) “**Manager**” means any natural person who was, is or shall become a(n):
- (1) duly elected or appointed director, advisory director, board observer, advisory board member, officer, member of the board of managers or management committee member of an **Insured Entity**; or
 - (2) **Employee** solely in his or her capacity as legal counsel to an **Insured Entity**.

- (Q) **“Named Entity”** means the entity named in Item 1 of the Declarations.
- (R) **“Notice Manager”** shall have the meaning specified for such term in each **Coverage Part**.
- (S) **“Policy Period”** means the period from the Inception Date to the Expiration Date stated in Item 3 of the Declarations or any earlier cancellation date.
- (T) **“Pollutants”** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, odors, noise, lead, oil or oil product, radiation, asbestos or asbestos-containing product, waste, any electric, magnetic or electromagnetic field of any frequency or any other material which threatens human health or welfare. Waste includes materials to be recycled, reconditioned or reclaimed. **Pollutants** also means any substance identified on a list of hazardous substances issued by any federal agency (including the Environmental Protection Agency) or any state, county, municipality or locality or counterpart thereof, or any foreign equivalent thereof.
- (U) **“Wage and Hour Violation”** means any actual or alleged violation of the duties and responsibilities that are imposed upon an **Insured** by any federal, state or local law or regulation anywhere in the world, including the Fair Labor Standards Act or any similar law (except the Equal Pay Act), that governs wage, hour and payroll practices. Such practices include:
- (1) the calculation and payment of wages, overtime wages, minimum wages and prevailing wage rates;
 - (2) the calculation and payment of benefits;
 - (3) the classification of any person or organization for wage and hour purposes;
 - (4) reimbursement of business expenses;
 - (5) the use of child labor;
 - (6) garnishments, withholdings and other deductions from wages; or
 - (7) meal, break and rest periods.
- (V) **“Wrongful Act”** shall have the meaning specified for such term in each **Coverage Part**.

III. COVERAGE EXTENSIONS

- (A) **Spousal/Domestic Partner Liability**
Coverage shall apply to the lawful spouse or **Domestic Partner** of an **Insured Person** for

a **Claim** made against such spouse or **Domestic Partner**, provided that:

- (1) such **Claim** arises solely out of:
 - (a) such person's status as the spouse or **Domestic Partner** of an **Insured Person**; or
 - (b) such spouse's or **Domestic Partner's** ownership of property sought as recovery for a **Wrongful Act**;
- (2) the **Insured Person** is named in such **Claim** together with the spouse or **Domestic Partner**; and
- (3) coverage of the spouse or **Domestic Partner** shall be on the same terms and conditions, including any applicable Retention, that apply to coverage of the **Insured Person** for such **Claim**.

No coverage shall apply to any **Claim** for a **Wrongful Act** of such spouse or **Domestic Partner**.

(B) Estates and Legal Representatives

In the event of the death, incapacity or bankruptcy of an **Insured Person**, any **Claim** made against the estate, heirs, legal representatives or assigns of such **Insured Person** for a **Wrongful Act** of such **Insured Person** shall be deemed to be a **Claim** made against such **Insured Person**. No coverage shall apply to any **Claim** for a **Wrongful Act** of such estate, heirs, legal representatives or assigns.

IV. LIMIT OF LIABILITY

- (A) The Each Claim Combined Limit of Liability stated in Item 5 of the Declarations shall be the maximum amount that we shall pay under all included **Coverage Parts** for all **Damages** from any **Claim** covered under one or more **Coverage Part(s)**.
- (B) The Combined Aggregate Limit of Liability for All Coverage Parts (the “Combined Aggregate Limit”) in Item 5 of the Declarations shall be the maximum aggregate amount that we shall pay for all **Damages** from all **Claims** covered under all included **Coverage Parts** during the **Policy Period**.
- (C) With respect to all **Coverage Parts**, **Defense Costs** shall be in addition to each applicable Limit of Liability. If the Combined Aggregate Limit is exhausted by the payment of **Damages**, the premium for the Policy shall be deemed fully earned and we will have no further obligation under this Policy.

V. RETENTION

With respect to all **Coverage Parts**:

- (A) We shall pay **Loss** in excess of the Retention applicable to each **Claim** as specified in Item 5 of the Declarations.
- (B) All Retentions shall be assumed by the **Insureds** at their own risk and shall not be insured; however, in the event that we choose, in our sole discretion, to pay all or any portion of a Retention on behalf of any **Insured**, the **Insureds** shall reimburse us for such amounts upon request.
- (C) The Retention shall apply to **Damages** and **Defense Costs** covered under this Policy, provided that if any **Defense Costs** are incurred by us prior to the **Insured's** complete payment of the Retention, then the **Insureds** shall reimburse us for such **Defense Costs** upon request.
- (D) If different parts of a single **Claim** are subject to different Retentions in different **Coverage Parts**, the applicable Retentions will be applied separately to each part of such **Claim**, but the sum of such retentions shall not exceed the largest applicable Retention.
- (E) No Retention shall apply to **Loss** incurred by any **Insured Person** that an **Insured Entity** is not permitted by common or statutory law to indemnify, or is permitted or required to indemnify, but is not able to do solely by reason of **Financial Insolvency**.
- (F) If an **Insured Entity** is permitted or required by common or statutory law to indemnify an **Insured Person** for any **Damages**, or to advance **Defense Costs** on his or her behalf, and does not do so other than because of **Financial Insolvency**, then such **Insured Entity** and the **Named Entity** shall reimburse and hold us harmless for our payment or advancement of such **Damages** or **Defense Costs** up to the amount of the Retention that would have applied if such indemnification had been made.

VI. DEFENSE AND SETTLEMENT

With respect to all **Coverage Parts**:

- (A) We shall have the right and duty to defend **Claims** covered under this Policy, even if such **Claim** is groundless, false or fraudulent, provided that:
 - (1) the **Insureds** give notice to us in accordance with the applicable **Coverage Parts'** notice provisions; and
 - (2) such **Claim** does not involve allegations, in whole or in part, of a **Wage and Hour Violation**.

- (B) If we have the duty to defend a **Claim**, our duty to defend such **Claim** shall cease upon exhaustion of any applicable Limit of Liability.
- (C) If we have the duty to defend a **Claim**, we have the right to select qualified legal counsel to defend a **Claim** covered under the Policy and, upon the **Insured's** request, we may consult with the **Insured** regarding such selection of counsel.
- (D) The **Insureds** shall not admit or assume any liability, make any settlement offer or enter into any settlement agreement, stipulate to any judgment, or incur any **Defense Costs** regarding any **Claim** without our prior written consent, such consent not to be unreasonably withheld; provided that we shall not be liable for any admission, assumption, settlement offer or agreement, stipulation, or **Defense Costs** to which we have not consented.
- (E) We shall have the right to be involved in the defense and settlement of any **Claim** that appears reasonably likely to involve this Policy, make any investigation we deem appropriate in connection with any **Claim**, and, with the written consent of the **Insureds**, settle any **Claim** for a monetary amount that we deem reasonable.
- (F) In the event that the **Insureds** refuse to consent to any reasonable settlement we recommend and such settlement is acceptable to the claimant, our liability will be limited to the amount of **Damages** for which the **Claim** could have been settled plus **Defense Costs** incurred up to the date the **Insureds** refused to settle such **Claim** (the "Settlement Amount"), and we shall also have the right to reimbursement of any **Defense Costs** we pay in connection with the **Claim** on behalf of the **Insured** after the date of such refusal.
- (G) The **Insureds** shall give to us all information, assistance and cooperation as we may reasonably request.
- (H) With respect to a **Claim** covered in whole or in part for which we do not have the duty to defend, we shall advance **Defense Costs** in accordance with Section IX ALLOCATION (B) that we believe to be covered under this Policy until a different allocation is negotiated, arbitrated or judicially determined.

For any **Claim** involving allegations, in whole or in part, of a **Wage and Hour Violation**, it shall be the duty of the **Insureds**, and not our duty, to defend such **Claim**.

VII. EXTENDED REPORTING PERIOD

With respect to all **Coverage Parts**, the following applies if any **Coverage Part** is cancelled or nonrenewed for any reason other than non-payment of premium.

- (A) The **Insureds** shall have an automatic ninety (90) day extension of time following the effective date of cancellation or nonrenewal to report **Claims** under such **Coverage Part** (the "Basic Extended Reporting Period"). The Basic Extended Reporting Period does not apply to **Claims** that are covered under any subsequent insurance you purchase or that would be covered but for exhaustion of any applicable Limit of Liability of this Policy.
- (B) The **Insureds** shall also have the right to elect an additional extension of time to report **Claims** under such **Coverage Part** (the "Supplemental Extended Reporting Period") by endorsement to this Policy and for an additional premium.
- (1) To elect the Supplemental Extended Reporting Period, the **Insureds** shall send a written notice of election of the Supplemental Extended Reporting Period to us together with the premium therefor. If the **Insureds** purchase a Supplemental Extended Reporting Period for multiple **Coverage Parts**, the same period of time must be elected for all **Coverage Parts** included in such purchase. The right to elect the Supplemental Extended Reporting Period shall end unless we receive such written notice and premium within sixty (60) days of the effective date of cancellation or nonrenewal. There shall be no right to elect the Supplemental Extended Reporting Period after such time.
- (2) The premium for the Supplemental Extended Reporting Period shall be that percentage specified in Item 6 of the Declarations of the sum of the original annual premium for such **Coverage Part(s)** plus the annualized amount of any additional premium charged by us during the **Policy Period** for such **Coverage Part(s)**. Such premium shall be deemed fully earned at the inception of the Supplemental Extended Reporting Period.
- (3) The Supplemental Extended Reporting Period shall be for the duration specified in Item 6 of the Declarations following the end of the Basic Extended Reporting Period.
- (C) Coverage during any applicable Extended Reporting Period shall apply to **Claims**

made during such Extended Reporting Period for **Wrongful Acts** occurring after any applicable Retroactive Date and prior to the earlier of the end of the **Policy Period** or the effective date of any cancellation, nonrenewal or any transaction described in Section XI CHANGES IN EXPOSURE, (B) Takeover of Named Entity. No coverage shall apply for any **Wrongful Act** occurring after such time.

- (D) There is no separate or additional Limit of Liability for any Extended Reporting Period.

VIII. INTERRELATIONSHIP OF CLAIMS

With respect to all **Coverage Parts**:

All **Claims** based upon, arising from or in any way related to the same **Wrongful Act** or **Interrelated Wrongful Acts** shall be deemed to be a single **Claim** for all purposes under this Policy, first made on the earliest date that:

- (A) any of such **Claims** was first made, regardless of whether such date is before or during the **Policy Period**;
- (B) notice of any **Wrongful Act** described above was given to us under this Policy pursuant to the NOTICE OF CLAIM section in any applicable **Coverage Part**; or
- (C) notice of any **Wrongful Act** described above was given under any prior insurance policy.

IX. ALLOCATION

With respect to all **Coverage Parts**:

Where **Insureds** that are afforded coverage for a **Claim** incur an amount consisting of both **Loss** that is covered by this Policy and also loss that is not covered by this Policy because such **Claim** includes both covered and uncovered matters, then coverage shall apply as follows:

- (A) With respect to a covered **Claim** for which we have the duty to defend:
- (1) 100% of the **Insured's Defense Costs** shall be allocated to covered **Loss**; and
- (2) all other **Loss** shall be allocated between covered **Loss** and non-covered loss based upon the relative legal exposure of all parties to such matters.
- (B) With respect to a covered **Claim** for which we do not have the duty to defend, all **Damages** and **Defense Costs** shall be allocated between covered **Loss** and non-covered loss based upon the relative legal exposure of all parties to such matters.

X. CANCELLATION/NONRENEWAL

- (A) We may cancel this Policy for non-payment of premium by sending not less than ten (10) days' written notice to the **Named Entity**. This Policy may not otherwise be cancelled by us.

- (B) Except as provided in Section XI CHANGES IN EXPOSURE (B) Takeover of Named Entity, the **Insureds** may cancel this Policy by sending written notice of cancellation to us. Such notice shall be effective upon our receipt unless a later cancellation time is specified therein.
- (C) If the **Insureds** cancel this Policy, unearned premium shall be calculated at our customary short rates. Payment of any unearned premium shall not be a condition precedent to the effectiveness of a cancellation. We shall make payment of any unearned premium as soon as practicable.
- (D) We will not be required to renew this Policy upon its expiration. We will provide the **Named Entity** with thirty (30) days' written notice of any nonrenewal. We may extend your **Policy Period** to accommodate this notice period.

XI. CHANGES IN EXPOSURE

With respect to all **Coverage Parts**:

(A) Mergers, Acquisitions or Created Entities

The **Insureds** shall give us written notice and full, written details of any mergers, acquisitions or entity creations as soon as practicable, but in all cases, within ninety (90) days of such event. There shall be no coverage under any renewal or replacement of this Policy for any such new entity or for any natural persons associated with such new entity unless the **Insureds** comply with the terms of this provision.

(B) Takeover of Named Entity

If, during the **Policy Period**, the **Named Entity** merges into or consolidates with another entity such that the **Named Entity** is not the surviving entity, then:

- (1) coverage shall continue under the Policy for the **Named Entity** until the expiration of the current **Policy Period**, but only for **Wrongful Acts** occurring prior to such event;
- (2) this Policy shall not be cancelled, and the entire premium for this Policy shall be deemed fully earned; and
- (3) the **Insureds** shall give us written notice and full, written details of such event as soon as practicable but, in all cases, within ninety (90) days of such event.

If any event described herein occurs, then we will not be obligated to offer any renewal or replacement of this Policy

XII. SUBROGATION

- (A) We shall be subrogated to all of the **Insureds'** rights of recovery regarding any payment of **Loss** by us under this Policy. The **Insureds** shall execute all papers

required and do everything necessary to secure and preserve such rights, including the execution of any documents necessary to enable us to effectively bring suit in the name of the **Insureds**. The **Insureds** shall do nothing to prejudice our position or any potential or actual rights of recovery.

- (B) With respect to all **Coverage Parts**, we shall not exercise our rights of subrogation against an **Insured Person** under this Policy unless such **Insured Person** has:

- (1) obtained any personal profit, remuneration or advantage to which such **Insured Person** was not legally entitled, or
- (2) committed a criminal or deliberately fraudulent act or omission or any willful violation of law;

if a judgment or other final adjudication establishes such personal profit, remuneration, advantage, act, omission, or violation.

XIII. APPLICATION

- (A) The **Insureds** represent that the declarations and statements contained in the **Application** are true, accurate and complete. This Policy is issued in reliance upon the **Application**. The **Application** shall be deemed to be part of the Policy to the extent that applicable state law requires.
- (B) If the **Application** contains intentional misrepresentations or misrepresentations that materially affect our acceptance of the risk:

- (1) for the purpose of determining coverage under all **Coverage Parts** other than the Directors, Officers and Entity Liability Coverage Part, no coverage shall be afforded under this Policy for any **Insureds** who knew on the Inception Date of this Policy of the facts that were so misrepresented, provided that:
 - (a) knowledge possessed by any **Insured Person** shall not be imputed to any other **Insured Person**; and
 - (b) knowledge possessed by the president/CEO, chancellor, provost, principal, superintendent, head of school, chief risk officer, general counsel, chief financial officer, director of human resources or any position equivalent to the foregoing of the **Named Entity**, or anyone signing the **Application**, shall be imputed to all **Insured Entities**, and no other person's knowledge shall be imputed to an **Insured Entity**; and

(2) for the purpose of determining coverage under the Directors, Officers and Entity Liability Coverage Part, no coverage shall be afforded under this Policy for:

- (a) any **Insured Persons**, under Insuring Agreement (A), who knew as of the Inception Date of this Policy the facts that were so misrepresented in the **Application**, provided, however, that knowledge possessed by any **Insured Person** shall not be imputed to any other **Insured Person**;
 - (b) an **Insured Entity**, under Insuring Agreement (B), to the extent it indemnifies any **Insured Person** referenced in subparagraph (2)(a) above; or
 - (c) an **Insured Entity**, under Insuring Agreement (C), if any president/CEO, chancellor, provost, principal, superintendent, head of school, chief risk officer, general counsel, chief financial officer or any position equivalent to the foregoing of the **Named Entity**, or anyone signing the **Application**, knew as of the Inception Date of this Policy the facts that were so misrepresented in the **Application**;
- provided that under no circumstances shall we be entitled to rescind Insuring Agreement (A).

XIV. ACTION AGAINST US

With respect to all **Coverage Parts**:

- (A) No action shall be taken against us unless there has been full compliance with all the terms and conditions of this Policy.
- (B) No person or organization shall have any right under this Policy to join us as a party to any **Claim** against the **Insureds**, nor shall we be impleaded by the **Insureds** in any such **Claim**.

XV. ASSIGNMENT

Assignment of interest under this Policy shall not bind us without our consent as specified in a written endorsement issued by us to form a part of this Policy.

XVI. BANKRUPTCY OR INSOLVENCY

Bankruptcy or insolvency of any **Insureds** shall not relieve us of any of our obligations under this Policy.

XVII. AUTHORIZATION OF NAMED ENTITY

The **Named Entity** shall act on behalf of all **Insureds** with respect to all matters under this Policy, including the conveyance and receipt of

notices regarding **Claims**, cancellation, election of any Supplemental Extended Reporting Period, payment of premiums, receipt of any return premiums, and acceptance of any endorsements to this Policy.

XVIII. CHANGES

This Policy shall not be changed or modified except in a written endorsement issued by us to form a part of this Policy.

XIX. ENTIRE AGREEMENT

This Policy, including the Declarations, Common Terms and Conditions, included **Coverage Part(s)**, **Application** and any written endorsements attached hereto, constitutes the entire agreement between the **Insureds** and us relating to this insurance.

XX. NOTICE ADDRESSES

- (A) All notices to the **Insureds** shall be sent to the **Named Entity** at the address specified in Item 1 of the Declarations.
- (B) All notices to us shall be sent to the address specified in your policy package. Any such notice shall be effective upon receipt by us at such address.

XXI. HEADINGS

The headings of the various sections of this Policy are intended for reference only and shall not be part of the terms and conditions of coverage.

XXII. REFERENCES TO LAWS

- (A) Wherever this Policy mentions any law, including any statute, Act or Code of the United States, such mention shall be deemed to include all amendments of, and all rules or regulations promulgated under, such law.
- (B) Wherever this Policy mentions any law or laws, including any statute, Act or Code of the United States and such mention is followed by the phrase "or any similar law," such phrase shall be deemed to include all similar laws of all jurisdictions throughout the world, including statutes and any rules or regulations promulgated under such statutes as well as common law.

XXIII. COVERAGE TERRITORY

Coverage under this Policy applies worldwide but only if the **Insured's** legal obligation to pay sums in connection with a **Claim** to which this insurance applies is determined in the United States of America, its territories or possessions, Puerto Rico, or Canada according to the substantive law in such jurisdiction, or as the **Insured** and we may mutually agree.



EDUCATORS PROFESSIONAL CHOICE POLICY EDUCATORS ERRORS AND OMISSIONS LIABILITY COVERAGE PART

*FOR PRIVATE SCHOOLS, CHARTER SCHOOLS, COLLEGES/UNIVERSITIES AND OTHER HIGHER
EDUCATION INSTITUTIONS*

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I. INSURING AGREEMENT

We shall pay **Loss** on behalf of the **Insureds** resulting from a **Claim** first made against the **Insureds** during the **Policy Period** or any applicable Extended Reporting Period for a **Wrongful Act** committed or allegedly committed on or after the Retroactive Date set forth in Item 5 of the Declarations, provided that such **Claim** is reported in accordance with Section V NOTICE OF CLAIM of this **Coverage Part**.

II. DEFINITIONS

The following terms, whether used in the singular or plural, shall have the meanings specified below:

(A) "**Charter School**" means any state-legislated elementary or secondary school supported by tax revenues and established by a charter between a granting body and a person or group.

(B) "**Charter School E&O Wrongful Act**" means, with regard to any **Insured Entity** that is a **Charter School**, any actual or alleged violation of a student's rights by an **Insured** for equal access to education, special education services or other education-related due process granted under federal, state or local law, including:

- (1) Americans with Disabilities Act;
 - (2) Family Educational Rights and Privacy Act; or
 - (3) Individuals with Disabilities Education Act;
- and any amendments thereto.

(C) "**Claim**" means any:

- (1) written demand for civil monetary damages or other civil non-monetary

relief commenced by the receipt of such demand; or

- (2) civil proceeding, including an arbitration or other alternative dispute resolution proceeding, commenced by the service of a complaint, filing of a demand for arbitration, or similar pleading;

against an **Insured** for a **Wrongful Act**.

Claim also means a written request to an **Insured** to toll or waive a statute of limitations regarding a potential **Claim** as described above. Such **Claim** shall be commenced by the receipt of such request.

However, **Claim** shall not include any criminal proceeding.

(D) "**Damages**" means the amount that the **Insureds** are legally liable to pay solely as a result of a **Claim** covered by this **Coverage Part**, including:

- (1) compensatory damages;
- (2) settlement amounts;
- (3) pre-judgment and post-judgment interest; and
- (4) costs and attorneys' fees awarded pursuant to judgments.

Damages also includes punitive and exemplary damages that are awarded in connection with compensatory damages, where payment of such punitive or exemplary damages is permitted by law.

However, **Damages** shall not include:

- (a) taxes, fines or penalties imposed by law, or the multiple portion of any statutory multiplied damage award;

- (b) costs associated with providing any injunctive, corrective or non-monetary relief;
- (c) costs associated with providing any accommodations required by the Americans with Disabilities Act or any similar law;
- (d) the value of any tuition or scholarships, including loss of future earnings, royalties or future earning opportunities;
- (e) the return of funds, including funds that the **Insured** received under any type of grant, program, contract or similar agreement or arrangement; or
- (f) any other matters uninsurable pursuant to any applicable law.

(E) “**Educators E&O Wrongful Act**” means any actual or alleged negligent act, error or omission committed by an **Insured Person** solely while acting within the scope of his or her duties for the **Insured Entity** in the performance of the **Insured Entity's** educational functions, or committed by an **Insured Entity** in the performance of its educational functions. These educational functions include:

- (1) educational instruction;
- (2) career guidance;
- (3) administration of discipline or corporal punishment;
- (4) student consumerism, including class content and grading practices;
- (5) admittance procedures or academic placement;
- (6) expulsion procedures;
- (7) student enrollment; or
- (8) participation in any school program, educational program or extracurricular activities, including the transportation of students to and from such programs or activities.

Educators E&O Wrongful Act also means actual or alleged discrimination on the basis of age, gender, race, sex, color, national origin, ethnicity, religion, creed, marital or family status, sexual orientation or preference, gender identity or expression, genetic makeup or refusal to submit to genetic makeup testing, pregnancy, disability, HIV or other health status, veteran or other military status or any other protected status established under federal, state, or local law, resulting in humiliation or other injury to the feelings or reputation of a current or prospective student, committed by

an **Insured Entity** or by an **Insured Person** solely while acting within the scope of his or her duties for the **Insured Entity** in performance of the **Insured Entity's** educational functions as set forth in the above paragraph.

(F) “**Employee**” means any natural person who was, is or shall become a(n):

- (1) employee of an **Insured Entity** including any part time, seasonal, **Leased Employee**, or **Loaned Employee**;
- (2) volunteer for an **Insured Entity**; or
- (3) student teachers, substitute teachers, teaching assistants, and work-grant students;

but solely for conduct within the scope of his or her employment-related duties for the **Insured Entity**. However, **Employee** shall not include any **Independent Contractor**, or any temporary employee who is neither a **Leased Employee** nor a **Loaned Employee**.

(G) “**Independent Contractor**” means any natural person working in the capacity of an independent contractor to perform services in the business of education pursuant to an **Independent Contractor Agreement**.

(H) “**Independent Contractor Agreement**” means any express written contract or agreement between an **Independent Contractor** and an **Insured Entity**, which contract includes a provision that the **Insured Entity** indemnify the **Independent Contractor** for certain activity and specifies the terms of the **Insured Entity's** engagement of such **Independent Contractor**.

(I) “**Insured**” means any:

- (1) **Insured Entity**; or
- (2) **Insured Person**.

(J) “**Insured Person**” means any:

- (1) **Manager**;
- (2) **Employee**;
- (3) trustees, members and directors of any commission, board, authority, administrative department or other similar unit operated under the authority of the **Insured Entity**, in their capacity as such;
- (4) parent-teacher organizations or associations but only if the organization or association reports to and is under the direct supervision of the **Insured Entity's** governing board and only while

performing services or activities authorized by the **Insured Entity**; or

- (5) students participating in a supervised internship program or a supervised externship program in satisfaction of curriculum requirements, but only while performing services or activities within the scope of such internship or externship program.

However, a parent-teacher organization is not an **Insured Person** if it is insured under any other valid and collectible errors and omissions or professional liability insurance.

(K) "**Leased Employee**" means any person who:

- (1) performs services in the course of the **Insured Entity's** business on the **Insured Entity's** premises under the **Insured Entity's** supervision;
- (2) is personally identified in a written lease contract between the **Insured Entity** and a labor leasing firm regarding the performance of the **Leased Employee's** services; and
- (3) is subject to the **Insured Entity's** human resource policies and procedures.

(L) "**Loaned Employee**" means any person whose employment with the **Insured Entity** is on loan from a similar educational institution and whose job function is the same for the **Insured Entity** as it was for such similar educational institution.

(M) "**Notice Manager**" means any natural person serving as president/CEO, chancellor, provost, chief financial officer, head of school, principal, superintendent, general counsel, chief risk officer, director of human resources or any position equivalent to the foregoing, of an **Insured Entity**.

(N) "**Outside Entity**" means any:

- (1) not-for-profit corporation, community chest, fund or foundation that is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, that is not an **Insured Entity**; or
- (2) entity organized for a religious or charitable purpose under any not-for-profit statute, that is not an **Insured Entity**.

(O) "**Personal and Advertising Injury**" means any actual or alleged:

- (1) false arrest, detention or imprisonment;
- (2) malicious prosecution or abuse of process;

- (3) wrongful eviction from, wrongful entry into, trespass, 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;

- (4) oral, written or electronic publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products, or services;

- (5) oral, written or electronic publication of material that violates a person's right to privacy;

- (6) infringement, dilution or misappropriation of copyright, trademark, trade name, trade dress, service mark, slogan, or title of any literary, artistic work or advertisement, trade secrets, or other intellectual property; or

- (7) libel, slander, defamation, plagiarism, misappropriation of ideas, or unauthorized use of title.

(P) "**Wrongful Act**" means:

- (1) an **Educators E&O Wrongful Act**; or
- (2) a **Charter School Wrongful Act**.

III. EXCLUSIONS

We shall not pay **Loss** in connection with any **Claim**:

- (A) based upon, arising from, or in any way related to any bodily injury, **Personal and Advertising Injury**, sickness, disease, emotional distress, mental anguish, loss of consortium, or death of any person, or damage to or destruction of any tangible property, including loss of use or diminution of value thereof; provided, however, that this exclusion shall not apply to **Loss** for wrongful infliction of mental anguish or emotional distress alleged in connection with an **Educators E&O Wrongful Act** of discrimination;

- (B) based upon, arising from, or in any way related to any actual or alleged employment-related: wrongful termination; sexual or workplace harassment; discrimination; retaliation; breach of any express or implied employment contract; wrongful infliction of mental anguish or emotional distress; failure to create, provide for or enforce adequate or consistent employment-related policies and procedures; negligent retention; negligent supervision; negligent employment evaluation; negligent hiring or negligent training; invasion of privacy; defamation or misrepresentation;

- (C) based upon, arising from, or in any way related to:
- (1) an **Insured Person's** service at any time for any entity other than an **Insured Entity**, including an **Outside Entity**, even if such service is at the direction or request of such **Insured Entity**;
 - (2) any actual or alleged violation of state statutes by any **Insured Entity** boards or trustees, or their contractors, in connection with construction projects or construction related work for the **Insured Entity**; or
 - (3) any actual or alleged negligent error, misstatement, act, omission, neglect or breach of duty committed by any **Insured Entity** boards, trustees or employees in their capacity as a public employer, in connection with administrative hearings or tax issues;
- (D) based upon, arising from, or in any way related to any actual or alleged assault, battery, abuse or molestation, including any sexual assault, sexual battery, sexual abuse or sexual molestation, or any actual or alleged lack of supervision allowing any such conduct to occur;
- (E) based upon, arising from, or in any way related to any prior or pending demand, allegation, suit, special education hearing or proceeding involving any **Insured** as of the applicable Retroactive Date in Item 5 of the Declarations or the same or any substantially similar fact, circumstance or situation underlying or alleged in such demand, allegation, suit, hearing or proceeding;
- (F) based upon, arising from, or in any way related to any fact, circumstance, situation or **Wrongful Act** that, before the Inception Date in Item 3 of the Declarations, was the subject of any notice given under any other directors and officers liability policy, management liability policy, employment practices liability policy, errors and omissions liability policy or similar insurance policy that insures **Wrongful Acts** covered under this Policy;
- (G) based upon, arising from, or in any way related to any fact, circumstance, situation or **Wrongful Act** about which any **Notice Manager** had knowledge prior to the inception date of the first Educators Professional Choice Policy issued and continuously renewed by us;
- (H) based upon, arising from, or in any way related to any liability under any contract or agreement other than a contract for educational services between a student and the **Insured Entity**; provided that this exclusion shall not apply to the extent that liability would have been incurred in the absence of such contract or agreement;
- (I) based upon, arising from, or in any way related to any actual or alleged violation of **ERISA** or any similar law, or any fiduciary responsibilities with regard to pension plans, retirement plans, employee benefit plans or employee stock ownership plans;
- (J) based upon, arising from, or in any way related to any actual or alleged violation of the responsibilities, duties or obligations imposed under any law regarding Social Security, unemployment insurance, workers' compensation, disability insurance, or any similar law;
- (K) based upon, arising from, or in any way related to any **Wage and Hour Violation** or any actual or alleged violation of the Fair Labor Standards Act, Equal Pay Act, Family and Medical Leave Act, Worker Adjustment and Retraining Notification Act, National Labor Relations Act, Occupational Safety and Health Act, Consolidated Omnibus Budget Reconciliation Act of 1985 or any similar law;
- (L) based upon, arising from, or in any way related to any listing or offering of securities of an **Insured Entity** or the purchase or sale of such securities subsequent to such listing or offering, or any actual or alleged violation of any securities laws or regulations anywhere in the world;
- (M) based upon, arising from, or in any way related to price fixing, restraint of trade, monopolization, or any actual or alleged violation of the Sherman Antitrust Act, Clayton Act, or any similar law regulating antitrust, monopoly, price fixing, price discrimination, predatory pricing or restraint of trade activities;
- (N) brought or maintained by or on behalf of any **Insured** (in any capacity) or by any owner of an **Insured Entity**; provided that this exclusion shall not apply to the portion of **Loss** directly arising from a civil proceeding by or on behalf of an **Insured Person** for contribution or indemnification if such **Claim** directly results from a **Claim** that is otherwise covered under this **Coverage Part**;
- (O) with regard to a **Charter School**:
- (1) for any issuance or revocation of, any failure to grant, retain or renew, or any

denial of a charter to such **Charter School**, including the maintenance, cancellation or expiration of any charter; or

- (2) for such **Charter School's** compliance with all applicable laws, rules and regulations regarding charter school establishment and continuation in the school district or other office of education that granted such **Charter School's** charter;
- (P) based upon, arising from, or in any way related to the provision of security or police services;
- (Q) based upon, arising from, or in any way related to the actual or alleged provision or failure to provide any medical or health services; psychiatric, psychological, or counseling services; religious or spiritual guidance; legal or dental services or similar professional services to any customer, client or individual; however, this exclusion shall not apply to any **Claim** arising out of the education or teaching of students, or the **Educators E&O Wrongful Act** of a school psychologist, a school psychometrist supervised by a school psychologist, or a school counselor employed by you;
- (R) for disparate treatment discrimination committed by an **Insured**; provided that this exclusion shall not apply to:
 - (1) any **Claim** based on the vicarious liability of the **Insured Entity** for the act(s) of an **Insured Person**;
 - (2) any **Claim** alleging disparate impact discrimination committed by an **Insured**; or
 - (3) **Defense Expenses**.
- (S) based upon, arising from, or in any way related to:
 - (1) the gaining of any profit, remuneration or advantage by an **Insured** to which such **Insured** is not legally entitled if a judgment or other final adjudication establishes that such a gain did occur;
 - (2) any breach of fiduciary duty in the handling or managing of public or private monies, investments, grants or other funds; or
 - (3) any criminal or deliberately fraudulent act or omission or any willful violation of law by an **Insured** if a judgment or other final adjudication establishes such an act, omission or violation; provided, however, that this exclusion shall only apply to **Insured Entities** if a past or

present **Manager** of the **Named Entity** committed such an act, omission or willful violation;

- and further, provided that for the purposes of this EXCLUSION (S), the **Wrongful Act** of an **Insured Person** shall not be imputed to any other **Insured Person**;
- (T) based upon, arising from, or in any way related to the failure to purchase proper insurance or maintain adequate limits of insurance;
- (U) based upon, arising from, or in any way related to any:
 - (1) actual or alleged discharge, dispersal, release, or escape of **Pollutants**, or any threat of such discharge, dispersal, release or escape; or
 - (2) direction, request or voluntary decision to test for, abate, monitor, clean up, remove, contain, treat, detoxify or neutralize **Pollutants**;
- (V) based upon, arising from, or in any way related to any actual or alleged nuclear reaction, nuclear radiation, or radioactive contamination, however caused, whether intentional or unintentional, including the release, dispersal or application of radioactive material, or the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination or radioactive force.

IV. OTHER INSURANCE

This **Coverage Part** is excess of, and will not contribute with:

- (A) any other valid and collectible insurance available to any **Insured**, unless such other insurance is written specifically in excess of this **Coverage Part** by reference in such other insurance to this Policy's Policy Number and form title; or
- (B) any indemnification to which any **Insured Person** is entitled from any entity other than the **Insured Entity**.

V. NOTICE OF CLAIM

- (A) As a condition precedent to coverage under this **Coverage Part**, the **Insureds** shall:
 - (1) give us written notice of any **Claim** as soon as practicable after a **Notice Manager** becomes aware of such **Claim**, but in no event later than:
 - (a) if this Policy expires or is otherwise terminated without being renewed with us, ninety (90) days after the effective date of said expiration or termination; or

(b) the expiration of any applicable Extended Reporting Period;

provided, however, that if this Policy is cancelled for non-payment of premium, the **Insureds** will give us written notice of such **Claim** prior to the effective date of cancellation; and

(2) forward to us as soon as practicable upon receipt every demand, notice, summons, complaint or other legal correspondence or materials in connection with any **Claim**, authorize us to obtain records and other information, and cooperate with us in the investigation, settlement or defense of such **Claim**.

(B) If during the **Policy Period** the **Insureds** become aware of a **Wrongful Act** that may reasonably be expected to give rise to a **Claim**, and if written notice of such **Wrongful Act** is given to us during the **Policy Period**, including the reasons for anticipating such a **Claim**, the nature and date of the **Wrongful Act**, the identity of the **Insureds** allegedly involved, the alleged injuries or damages sustained, the names of potential claimants, and the manner in which the **Insureds** first became aware of the **Wrongful Act**, then any **Claim** subsequently arising from such **Wrongful Act** shall be deemed to be a **Claim** first made during the **Policy Period** on the date that we receive the above notice.

(C) If notice of a **Claim** has been given under either the Directors, Officers and Entity Liability Coverage Part or Employment Practices Liability Coverage Part and a determination is made by us that such **Claim** would be covered under this **Coverage Part** if notice had been given under this **Coverage Part**, then the **Insureds** shall be deemed to have given notice of such **Claim** under this **Coverage Part** at the same time that notice was given under such other **Coverage Part**.

VI. COORDINATION OF COVERAGE

If this **Coverage Part** and either the Directors, Officers and Entity Liability Coverage Part or Employment Practices Liability Coverage Part is included under this Policy, and a **Claim** is covered under this **Coverage Part** and any such other **Coverage Part**, **Loss** shall be first covered and paid under this **Coverage Part**.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA AMENDATORY

This endorsement modifies the provisions of the following:

EDUCATORS PROFESSIONAL CHOICE POLICY –
DIRECTORS, OFFICERS AND ENTITY LIABILITY COVERAGE PART
EDUCATORS ERRORS AND OMISSIONS LIABILITY COVERAGE PART
EMPLOYMENT PRACTICES LIABILITY COVERAGE PART

The following changes apply to the Policy to the extent that any **Coverage Part(s)** referenced above is included in this Policy in Item 5 of the Declarations:

(1) **Change(s) applicable to the Directors, Officers and Entity Liability Coverage Part:**

The term **Damages**, as defined in Section III DEFINITIONS (D) of the Directors, Officers and Entity Liability Coverage Part of this Policy, is amended by deleting the paragraph immediately following the numbered subparagraphs therein and replacing it with the following paragraph:

Damages also includes punitive and exemplary damages that are awarded in connection with compensatory damages where payment of such punitive or exemplary damages is permitted by law, and if California law governs, to the extent that such punitive damages are not directly assessed against the **Insured**.

(2) **Change(s) applicable to the Educators Errors and Omissions Liability Coverage Part:**

The term **Damages**, as defined in Section II DEFINITIONS (D) of the Educators Errors and Omissions Liability Coverage Part of this Policy, is amended by deleting the paragraph immediately following the numbered subparagraphs therein and replacing it with the following paragraph:

Damages also includes punitive and exemplary damages that are awarded in connection with compensatory damages where payment of such punitive or exemplary damages is permitted by law, and if California law governs, to the extent that such punitive damages are not directly assessed against the **Insured**.

(3) **Change(s) applicable to the Employment Practices Liability Coverage Part:**

The term **Damages**, as defined in Section II DEFINITIONS (C) of the Employment Practices Liability Coverage Part of this Policy, is amended by deleting the paragraph immediately following the numbered subparagraphs therein and replacing it with the following paragraph:

Damages also includes punitive and exemplary damages that are awarded in connection with compensatory damages where payment of such punitive or exemplary damages is permitted by law, and if California law governs, to the extent that such punitive damages are not directly assessed against the **Insured**.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES - CANCELLATION AND NONRENEWAL

This endorsement modifies the provisions of the following:

EDUCATORS PROFESSIONAL CHOICE POLICY – COMMON TERMS AND CONDITIONS

- (1) Section X CANCELLATION/NONRENEWAL (A) of the Common Terms and Conditions of this Policy is deleted and replaced with the following:
 - (A) We may cancel this Policy for non-payment of premium by sending not less than ten (10) days' written notice by mail or delivery to the **Named Entity** at the address shown on the Declarations page of the Policy, with a copy to your agent of record. This Policy may not otherwise be cancelled by us.
- (2) Section X CANCELLATION/NONRENEWAL (D) of the Common Terms and Conditions of this Policy is deleted and replaced with the following:
 - (D) We will not be required to renew this Policy upon its expiration. If we elect not to renew this Policy, we will mail or deliver written notice to the **Named Entity** at the address shown on the Declarations page of the Policy, stating the reason for nonrenewal, not less than sixty (60) days but no more than one hundred twenty (120) days prior to the Policy expiration or anniversary date, with a copy to your agent of record. We may extend your **Policy Period** to accommodate this notice period.
- (3) The following paragraph (E) is added to Section X CANCELLATION/NONRENEWAL of the Common Terms and Conditions of this Policy:
 - (E) We are not required to send notice of nonrenewal in the following situations:
 - (1) If the transfer or renewal of a policy, without any changes in terms conditions or rates, is between us and a member of our insurance group;
 - (2) If the Policy has been extended for ninety (90) days or less, provided that notice has been given in accordance with the nonrenewal notice requirements in paragraph (D) above;
 - (3) If the **Named Entity** has obtained replacement coverage, or has agreed, in writing, within sixty (60) days of the termination of the Policy, to obtain that coverage;
 - (4) If the Policy is for a period of no more than sixty (60) days and the **Named Entity** is notified at the time of issuance that the Policy will not be renewed;
 - (5) If the **Named Entity** requests a change in the terms or conditions or risks covered by the Policy within sixty (60) days prior to the end of the Policy Period; or
 - (6) If we have made a written offer to the **Named Entity**, in accordance with paragraph (D) above, to renew the policy under changed terms or conditions or at an increased premium rate with greater than twenty-five percent (25%) increase.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ABSOLUTE LEAD EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
FARM LIABILITY COVERAGE

This insurance does not apply to any damages, judgments, settlements, loss, costs or expenses that:

- a. May be awarded or incurred by reason of any claim or "suit" alleging actual or threatened injury or damage of any nature or kind to person or property which arises out of or would not have occurred in whole or in part but for the lead hazard; or
- b. Arise out of any request, demand or order to:
 1. Identify, abate, test for, sample, monitor, clean up, remove, cover, contain, treat, detoxify, decontaminate, neutralize or mitigate or in any way respond to or assess the effects of the lead hazard; or
 2. As a result of such effects, repair, replace or improve any property.

c. Arise out of any claim or any "suit" for damages because of:

1. Identification of, abatement of, testing for, sampling, monitoring, cleaning up, removing, covering, containing, treating, detoxifying, decontaminating, neutralizing or mitigating or in any way responding to or assessing the effects of the lead hazard; or
2. As a result of such effects, repairing, replacing or improving any property.

As used in this exclusion, lead hazard means an exposure or threat of exposure to the actual or alleged properties of lead and includes the mere presence or suspected presence of lead in any form or combination.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - FUNGI, BACTERIA AND VIRUSES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
MANUFACTURERS' ERRORS AND OMISSIONS LIABILITY COVERAGE PART
EDUCATORS LEGAL LIABILITY COVERAGE FORM
CONDOMINIUM AND COOPERATIVE DIRECTORS AND OFFICERS LIABILITY COVERAGE FORM

This insurance does not apply to:

1. Injury or damage arising out of or related to the presence of, suspected presence of, or exposure to:
 - a. Fungi, including but not limited to mold, mildew, and yeast;
 - b. Bacteria;
 - c. Viruses; or
 - d. Dust, spores, odors, particulates or byproducts, including but not limited to mycotoxins and endotoxins, resulting from any of the organisms listed in a., b., or c. above;from any source whatsoever.
2. Any loss, cost or expense arising out of the testing for, monitoring of, cleaning up of, removal of, containment of, treatment of, detoxification of, neutralization of, remediation of, disposal of, or any other response to or assessment of, the effects of any of the items in 1.a., b., c. or d. above, from any source whatsoever.

However, this exclusion does not apply to "bodily injury" or "property damage" caused by the ingestion of food.



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 GENERAL LIABILITY COVERAGE PART
 CONDOMINIUM AND COOPERATIVE DIRECTORS AND OFFICERS LIABILITY COVERAGE FORM
 DATA BREACH COVERAGE FORM
 EDUCATORS PROFESSIONAL CHOICE POLICY
 EMPLOYEE BENEFITS LIABILITY COVERAGE FORM
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 LIBRARY ERRORS AND OMISSIONS LIABILITY COVERAGE FORM
 LIQUOR LIABILITY COVERAGE PART
 MANUFACTURERS' ERRORS AND OMISSIONS LIABILITY COVERAGE PART
 OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRINTER'S ERRORS AND OMISSIONS LIABILITY COVERAGE FORM
 PRODUCT RECALL EXPENSE COVERAGE FORM
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
 RAILROAD PROTECTIVE LIABILITY COVERAGE PART
 SPECIAL PROTECTIVE AND HIGHWAY LIABILITY POLICY NEW YORK DEPARTMENT OF TRANSPORTATION

A. Disclosure Of Federal Share Of Terrorism Losses

The United States Department of the Treasury will reimburse insurers for a portion of such insured losses as indicated in the table below that exceeds the applicable insurer deductible:

Calendar Year	Federal Share of Terrorism Losses
2015	85%
2016	84%
2017	83%
2018	82%
2019	81%
2020 or later	80%

However, if aggregate insured losses attributable to "certified acts of terrorism" under the federal Terrorism Risk Insurance Act, as amended (TRIA) exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion. The United States Government has not charged any premium for their participation in covering terrorism losses.

B. Cap On Insurer Liability For Terrorism Losses

A "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 under TRIA. The criteria contained in TRIA for a "certified act of terrorism" include the following:

1. The act results in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to TRIA; and
2. The act results 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
3. 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 "certified acts of terrorism" under TRIA exceed

\$100 billion in a calendar year and we have met, or will meet, our insurer deductible under TRIA we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion. In such case, your coverage for terrorism losses may be reduced on a pro-rata basis in accordance with procedures established by the Treasury, based on its estimates of aggregate industry losses and our estimate that we will exceed our insurer deductible. In accordance with Treasury procedures, amounts paid for losses may be subject to further adjustments based on differences between actual losses and estimates.

C. Application of Other Exclusions

The terms and limitations of any terrorism exclusion, the inapplicability or omission of a terrorism exclusion, or the inclusion of Terrorism coverage, 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, Pollution Exclusion, or War Exclusion.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - SILICA

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
CONDOMINIUM AND COOPERATIVE DIRECTORS AND OFFICERS LIABILITY COVERAGE FORM
EDUCATORS PROFESSIONAL CHOICE POLICY
EMPLOYERS LIABILITY AND STOP GAP COVERAGE FORM
ERRORS AND OMISSIONS LIABILITY COVERAGE FORM
MANUFACTURERS' ERRORS AND OMISSIONS 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
SPECIAL PROTECTIVE AND HIGHWAY LIABILITY POLICY - NEW YORK DEPARTMENT OF
TRANSPORTATION

A. The following exclusion is added:

This insurance does not apply to:

Silica

Any injury, damage, loss, cost or expense, including but not limited to "bodily injury", "property damage" or "personal and advertising injury" arising out of, or relating to, in whole or in part, the "silica hazard".

B. The following is added to the **Definitions** Section:

"Silica hazard" means an exposure to, inhalation of or contact with, or threat of exposure to, inhalation of or contact with, the actual or alleged properties of silica or any silica containing materials and includes the mere presence of silica or any silica containing materials in any form.

Silica includes all forms of the compound silicon dioxide, including but not limited to quartz.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - ELECTROMAGNETIC HAZARD

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
CONDOMINIUM AND COOPERATIVE DIRECTORS AND OFFICERS LIABILITY COVERAGE FORM
EDUCATORS PROFESSIONAL CHOICE POLICY
LIBRARY ERRORS AND OMISSIONS LIABILITY COVERAGE FORM
MANUFACTURERS' ERRORS AND OMISSIONS LIABILITY COVERAGE PART
MORTICIANS' PROFESSIONAL LIABILITY COVERAGE FORM
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCT RECALL EXPENSE COVERAGE FORM
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART

The following exclusion is added:

This insurance does not apply to:

Electromagnetic Hazard

1. Any injury, damage, loss, cost or expense, including but not limited to "bodily injury", "property damage" or "personal and advertising injury", whether tangible or intangible in nature, arising out of, or relating to, in whole or in part, the "electromagnetic hazard".
2. Any damage, judgment, settlement, loss, cost or expense that arise out of any:
 - a. Request, demand, order, or statutory or regulatory requirement that any insured identify, abate, test for, sample, monitor, remove, contain, treat, neutralize or mitigate or in any way respond to or assess the effects of the "electromagnetic hazard";
 - b. Any claim or suit for damages because of identifying, abating, testing for, sampling, monitoring, clean up of; removing, covering, containing, treating, neutralizing or mitigating, or in any way responding to or assessing the effects of the "electromagnetic hazard"; or
 - c. Request, demand, order, or statutory or regulatory requirement claim or suit seeking the modification, repair, replacement or improvement of any property as a result of the effects of an "electromagnetic hazard".
3. As used in this exclusion, "electromagnetic hazard" means an exposure or threat of exposure to the actual or alleged properties of radiation or energy from electromagnetic sources of all frequencies and intensities, including but not limited to:
 - a. Radio frequency radiation or energy;
 - b. Electric fields or waves;
 - c. Magnetic fields or waves; or
 - d. Electromagnetic fields or waves; andincludes the mere presence or suspected presence of any of these at any time.

COMMERCIAL GENERAL LIABILITY SCHEDULE



POLICY NUMBER: 20 UUN UX2005

Entries herein, except as specifically provided elsewhere in this policy, do not modify any of the other provisions of this policy.

RATING CLASSIFICATIONS

DESCRIPTION OF HAZARDS: PREMISES/OPERATIONS COVERAGE

REFER TO: COMMERCIAL GENERAL LIABILITY
COVERAGE PART (FORM HC 00 10)

PRMS/BLDG. NO: 002/001 TERR: 012

LOCATION: 1250 MARKET ST STE A
YUBA CITY
CA. 95991

CLASSIFICATION CODE NUMBER
AND DESCRIPTION: 67512

SCHOOLS - NOC - OTHER THAN NOT-FOR-PROFIT - INCLUDING PRODUCTS AND/OR
COMPLETED OPERATIONS - PRODUCTS/COMPLETED OPERATIONS LOSSES ARE SUBJECT TO
THE GENERAL AGGREGATE LIMIT

PREMIUM AND RATING BASIS: AREA PER 1,000

EXPOSURE: 850

RATE: 359.6100

ADVANCE PREMIUM: 309.00

DESCRIPTION OF HAZARDS: ADDITIONAL INSURED CG2026

NAME OF PERSON OR ORGANIZATION:
SEE FORMS ATTACHED

REFER TO: COMMERCIAL GENERAL LIABILITY
COVERAGE PART (FORM HC 00 10)

ADVANCE PREMIUM: INCLUDED FOR PREMISES 002

DESCRIPTION OF HAZARDS: PREMISES/OPERATIONS COVERAGE

REFER TO: COMMERCIAL GENERAL LIABILITY
COVERAGE PART (FORM HC 00 10)

COMMERCIAL GENERAL LIABILITY SCHEDULE (Continued)

POLICY NUMBER: 20 UUN UX2005

PRMS/BLDG. NO: 004/001 TERR: 012
 LOCATION: 14392 VALLEY BLVD
 FONTANA
 CA. 92335

CLASSIFICATION CODE NUMBER
 AND DESCRIPTION: 49451
 VACANT LAND - OTHER THAN NOT-FOR-PROFIT - INCLUDING PRODUCTS AND/OR
 COMPLETED OPERATIONS - PRODUCTS/COMPLETED OPERATIONS LOSSES ARE SUBJECT TO
 THE GENERAL AGGREGATE LIMIT

PREMIUM AND RATING BASIS: ACRES PER 1
 EXPOSURE: 1
 RATE: 471.3930
 ADVANCE PREMIUM: 476.00

DESCRIPTION OF HAZARDS: PREMISES/OPERATIONS COVERAGE
 REFER TO: COMMERCIAL GENERAL LIABILITY
 COVERAGE PART (FORM HC 00 10)

PRMS/BLDG. NO: 004/001 TERR: 012
 LOCATION: 14392 VALLEY BLVD
 FONTANA
 CA. 92335

CLASSIFICATION CODE NUMBER
 AND DESCRIPTION: 67512
 SCHOOLS - NOC - OTHER THAN NOT-FOR-PROFIT - INCLUDING PRODUCTS AND/OR
 COMPLETED OPERATIONS - PRODUCTS/COMPLETED OPERATIONS LOSSES ARE SUBJECT TO
 THE GENERAL AGGREGATE LIMIT

PREMIUM AND RATING BASIS: AREA PER 1,000
 EXPOSURE: 1,000
 RATE: 359.6100
 ADVANCE PREMIUM: 363.00

DESCRIPTION OF HAZARDS: PREMISES/OPERATIONS COVERAGE

COMMERCIAL GENERAL LIABILITY SCHEDULE (Continued)**POLICY NUMBER:** 20 UUN UX2005

REFER TO: COMMERCIAL GENERAL LIABILITY
COVERAGE PART (FORM HC 00 10)

PRMS/BLDG. NO: 005/001 TERR: 012
LOCATION: 1287 FURNEAUX RD
OLIVEHURST
CA. 95961

CLASSIFICATION CODE NUMBER
AND DESCRIPTION: 49451
VACANT LAND - OTHER THAN NOT-FOR-PROFIT - INCLUDING PRODUCTS AND/OR
COMPLETED OPERATIONS - PRODUCTS/COMPLETED OPERATIONS LOSSES ARE SUBJECT TO
THE GENERAL AGGREGATE LIMIT

PREMIUM AND RATING BASIS: ACRES PER 1
EXPOSURE: 1
RATE: 471.3930
ADVANCE PREMIUM: 476.00

DESCRIPTION OF HAZARDS: EMPLOYEE BENEFITS COVERAGE

REFER TO: EMPLOYEE BENEFITS LIABILITY
COVERAGE PART (FORM HC 00 20)

CLASSIFICATION CODE NUMBER
AND DESCRIPTION: 30195
EMPLOYEE BENEFITS

PREMIUM AND RATING BASIS: EMPLOYEE PER 1
EXPOSURE: 50
RATE: 0.3330
ADVANCE PREMIUM: 218.00 MP

DESCRIPTION OF HAZARDS: EDUCATORS PROFESSIONAL CHOICE COVERAGE

REFER TO: EDUCATORS PROFESSIONAL CHOICE
COVERAGE PART (FORM HG 00 04)

COMMERCIAL GENERAL LIABILITY SCHEDULE (Continued)

POLICY NUMBER: 20 UUN UX2005

PRMS/BLDG. NO: 002/001 TERR: 012
LOCATION: 1250 MARKET ST STE A
YUBA CITY
CA. 95991

CLASSIFICATION CODE NUMBER
AND DESCRIPTION: 33037
PRIVATE SCHOOLS E&O

PREMIUM AND RATING BASIS: STUDENTS PER 1

EXPOSURE: 37

ADVANCE PREMIUM: 2,121.00

TOTAL ADVANCE PREMIUM: 3,963.00



IMPORTANT NOTICE TO POLICYHOLDERS REDUCTION OF COVERAGE

TITLE OF FORM: SEPARATE LIMITS

FORM NUMBER: HG25020315

COVERAGES:

THE FORM CITED ABOVE HAS BEEN ADDED TO YOUR POLICY AND HAS THE EFFECT OF REDUCING YOUR INSURANCE COVERAGE. YOU SHOULD REVIEW YOUR POLICY AND CONTACT YOUR HARTFORD AGENT OR YOUR BROKER IF YOU HAVE ANY QUESTIONS.



IMPORTANT NOTICE TO POLICYHOLDERS REDUCTION OF COVERAGE

TITLE OF FORM: EXCLUSION - ELECTROMAGNETIC HAZARD

FORM NUMBER: HG22030315

COVERAGES:

THE FORM CITED ABOVE HAS BEEN ADDED TO YOUR POLICY AND HAS THE EFFECT OF REDUCING YOUR INSURANCE COVERAGE. YOU SHOULD REVIEW YOUR POLICY AND CONTACT YOUR HARTFORD AGENT OR YOUR BROKER IF YOU HAVE ANY QUESTIONS.



PRODUCER COMPENSATION NOTICE

You can review and obtain information on The Hartford's producer compensation practices at www.TheHartford.com or at 1-800-592-5717.