

# AMERICAN HALLMARK INSURANCE COMPANY OF TEXAS

5420 LYNDON B JOHNSON FWY, STE 1100, DALLAS, TX 75240

## COMMON POLICY DECLARATIONS

### RENEWAL DECLARATION

**POLICY NO:** 44-PB-000469270-11/000

**RENEWAL OF:** 44-PB-000469270-10

#### NAMED INSURED AND MAILING ADDRESS

KRYSTAL VILLA II ASSOCIATION  
PO BOX 610  
KETCHUM, ID 83340

#### AGENCY AND MAILING ADDRESS

1163

SUN VALLEY INSURANCE, INC.  
PO BOX 5808  
KETCHUM, ID 83340

**POLICY PERIOD:** FROM 04/19/2022 TO 04/19/2023 AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE.

**THE NAMED INSURED IS:** Association

**BUSINESS DESCRIPTION:** RESIDENTIAL  
CONDOMINIUMS

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

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

		PREMIUM
COMMERCIAL ADVANTAGE POLICY (BUSINESSOWNERS)	\$	24,444
COMMERCIAL AUTO	\$	Not Covered
COMMERCIAL ADVANTAGE EXCESS LIABILITY	\$	412
POLICY PREMIUM		\$ 24,856.00

#### FORMS AND ENDORSEMENTS APPLICABLE TO ALL COVERAGE PARTS

See Forms Schedule

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

# AMERICAN HALLMARK INSURANCE COMPANY OF TEXAS

5420 LYNDON B JOHNSON FWY, STE 1100, DALLAS, TX 75240

## COMMERCIAL ADVANTAGE POLICY

GENERAL CHANGE ENDORSEMENT

POLICY NO: 44-PB-000469270-11/000

RENEWAL OF: 44-PB-000469270-10

### NAMED INSURED AND MAILING ADDRESS

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PO BOX 610  
KETCHUM, ID 83340

### AGENCY AND MAILING ADDRESS

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SUN VALLEY INSURANCE, INC.  
PO BOX 5808  
KETCHUM, ID 83340

**POLICY PERIOD:** FROM 04/19/2022 TO 04/19/2023 AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE.

Effective 04/19/2022 this policy amended as shown.

### DESCRIPTION OF BUSINESS

FORM OF BUSINESS:

☐ INDIVIDUAL

☐ PARTNERSHIP

☐ JOINT VENTURE

☐ TRUST

☐ LIMITED LIABILITY COMPANY

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

☐ OTHER

BUSINESS DESCRIPTION: RESIDENTIAL CONDOMINIUMS

# AMERICAN HALLMARK INSURANCE COMPANY OF TEXAS

5420 LYNDON B JOHNSON FWY, STE 1100, DALLAS, TX 75240

## COMMERCIAL ADVANTAGE POLICY

GENERAL CHANGE ENDORSEMENT

**POLICY NO:** 44-PB-000469270-11/000  
**INSURED:** KRYSTAL VILLA II ASSOCIATION

**EFFECTIVE DATE:** 04/19/2022  
**AGENT:** SUN VALLEY INSURANCE, INC.

### SECTION I - PROPERTY

**LOCATION: 1 BUILDING: 1**

**LOCATION:** 150 WOOD RIVER DRIVE BLDG A, KETCHUM, ID, 83340

**OCCUPANCY:** Condominiums (residential)

COVERAGES	LIMIT OF INSURANCE
BUILDING	\$ 1,523,680
WATER BACKUP AND SUMP	\$ 100,000

PROPERTY DEDUCTIBLE: \$2,500

Building: Replacement Cost

ORDINANCE OR LAW COVERAGE (CBP 008)

LOCATION: 1 BUILDING: 1 PREMIUM	\$5,521
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# AMERICAN HALLMARK INSURANCE COMPANY OF TEXAS

5420 LYNDON B JOHNSON FWY, STE 1100, DALLAS, TX 75240

## COMMERCIAL ADVANTAGE POLICY

GENERAL CHANGE ENDORSEMENT

**POLICY NO:** 44-PB-000469270-11/000  
**INSURED:** KRYSTAL VILLA II ASSOCIATION

**EFFECTIVE DATE:** 04/19/2022  
**AGENT:** SUN VALLEY INSURANCE, INC.

**LOCATION: 1 BUILDING: 2**

**LOCATION:** 150 WOOD RIVER DRIVE BLDG A, KETCHUM, ID, 83340

**OCCUPANCY:** Condominiums (residential)

COVERAGES	LIMIT OF INSURANCE
BUILDING	\$ 1,523,680
WATER BACKUP AND SUMP	\$ 100,000

PROPERTY DEDUCTIBLE: \$2,500

Building: Replacement Cost

ORDINANCE OR LAW COVERAGE (CBP 008)

LOCATION: 1 BUILDING: 2 PREMIUM	\$5,521
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# AMERICAN HALLMARK INSURANCE COMPANY OF TEXAS

5420 LYNDON B JOHNSON FWY, STE 1100, DALLAS, TX 75240

## COMMERCIAL ADVANTAGE POLICY

GENERAL CHANGE ENDORSEMENT

**POLICY NO:** 44-PB-000469270-11/000  
**INSURED:** KRYSTAL VILLA II ASSOCIATION

**EFFECTIVE DATE:** 04/19/2022  
**AGENT:** SUN VALLEY INSURANCE, INC.

**LOCATION: 1 BUILDING: 3**

**LOCATION:** 150 WOOD RIVER DRIVE BLDG A, KETCHUM, ID, 83340

**OCCUPANCY:** Condominiums (residential)

COVERAGES	LIMIT OF INSURANCE
BUILDING	\$ 1,523,680
WATER BACKUP AND SUMP	\$ 100,000

PROPERTY DEDUCTIBLE: \$2,500

Building: Replacement Cost

ORDINANCE OR LAW COVERAGE (CBP 008)

LOCATION: 1 BUILDING: 3 PREMIUM	\$5,521
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# AMERICAN HALLMARK INSURANCE COMPANY OF TEXAS

5420 LYNDON B JOHNSON FWY, STE 1100, DALLAS, TX 75240

## COMMERCIAL ADVANTAGE POLICY

GENERAL CHANGE ENDORSEMENT

**POLICY NO:** 44-PB-000469270-11/000  
**INSURED:** KRYSTAL VILLA II ASSOCIATION

**EFFECTIVE DATE:** 04/19/2022  
**AGENT:** SUN VALLEY INSURANCE, INC.

**LOCATION: 1 BUILDING: 4**

**LOCATION:** 150 WOOD RIVER DRIVE BLDG A, KETCHUM, ID, 83340

**OCCUPANCY:** Condominiums (residential)

COVERAGES	LIMIT OF INSURANCE
BUILDING	\$ 1,523,680
WATER BACKUP AND SUMP	\$ 100,000

PROPERTY DEDUCTIBLE: \$2,500

Building: Replacement Cost

ORDINANCE OR LAW COVERAGE (CBP 008)

LOCATION: 1 BUILDING: 4 PREMIUM	\$5,521
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# AMERICAN HALLMARK INSURANCE COMPANY OF TEXAS

5420 LYNDON B JOHNSON FWY, STE 1100, DALLAS, TX 75240

## COMMERCIAL ADVANTAGE POLICY

GENERAL CHANGE ENDORSEMENT

**POLICY NO:** 44-PB-000469270-11/000  
**INSURED:** KRYSTAL VILLA II ASSOCIATION

**EFFECTIVE DATE:** 04/19/2022  
**AGENT:** SUN VALLEY INSURANCE, INC.

**LOCATION: 1 BUILDING: 5**

**LOCATION:** 150 WOOD RIVER DRIVE BLDG A, KETCHUM, ID, 83340

**OCCUPANCY:** Condominiums (residential)

COVERAGES	LIMIT OF INSURANCE
BUILDING	\$ 85,600
WATER BACKUP AND SUMP	\$ 50,000

PROPERTY DEDUCTIBLE: \$2,500

Building: Replacement Cost

ORDINANCE OR LAW COVERAGE (CBP 008)

LOCATION: 1 BUILDING: 5 PREMIUM	\$442
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# AMERICAN HALLMARK INSURANCE COMPANY OF TEXAS

5420 LYNDON B JOHNSON FWY, STE 1100, DALLAS, TX 75240

## COMMERCIAL ADVANTAGE POLICY

GENERAL CHANGE ENDORSEMENT

**POLICY NO:** 44-PB-000469270-11/000  
**INSURED:** KRYSTAL VILLA II ASSOCIATION

**EFFECTIVE DATE:** 04/19/2022  
**AGENT:** SUN VALLEY INSURANCE, INC.

### SECTION II – LIABILITY

COVERAGES	LIMIT OF INSURANCE
LIABILITY AND MEDICAL EXPENSES	\$ 1,000,000 EACH OCCURRENCE
MEDICAL EXPENSES	\$ 5,000 EACH PERSON
DAMAGE TO PREMISES RENTED TO YOU	\$ 300,000 EACH PREMISES
OTHER THAN PRODUCTS/COMPLETED OPERATIONS AGGREGATE	\$ 2,000,000
PRODUCTS/COMPLETED OPERATIONS AGGREGATE	\$ 2,000,000

### OPTIONAL POLICY COVERAGES AND AMENDMENTS

### PREMIUM

CYBER LIABILITY AND DATA BREACH RESPONSE COVERAGE ENDORSEMENT (CYB 008)	\$128
EMPLOYEE DISHONESTY	\$270
LIMIT OF INSURANCE: \$50,000	
EMPLOYMENT PRACTICES LIABILITY INSURANCE COVERAGE PART CLAIMS FIRST MADE AND REPORTED – STANDARD (EPL 001)	\$271
HIRED AUTO LIABILITY ENDORSEMENT (CBP 011)	\$153
PREFERRED CLAIMS-MADE CONDOMINIUM DIRECTORS AND OFFICERS LIABILITY (CBP 031)	\$371



# AMERICAN HALLMARK INSURANCE COMPANY OF TEXAS

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## COMMERCIAL ADVANTAGE POLICY

GENERAL CHANGE ENDORSEMENT

**POLICY NO:** 44-PB-000469270-11/000  
**INSURED:** KRYSTAL VILLA II ASSOCIATION

**EFFECTIVE DATE:** 04/19/2022  
**AGENT:** SUN VALLEY INSURANCE, INC.

TERRORISM RISK INSURANCE ACT (ANNUAL ) CHARGE IS \$700  
CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM (CBP 100)  
EXCLUSION OF PUNITIVE DAMAGES RELATED TO A CERTIFIED ACT OF TERRORISM (CBP 114)

TOTAL COMMERCIAL ADVANTAGE POLICY PREMIUM

**\$24,444**

### FORMS AND ENDORSEMENTS

APPLYING TO COMMERCIAL ADVANTAGE POLICY AND MADE PART OF THIS POLICY AT TIME OF ISSUE:  
See Forms Schedule

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

# AMERICAN HALLMARK INSURANCE COMPANY OF TEXAS

5420 LYNDON B JOHNSON FWY, STE 1100, DALLAS, TX 75240

## Commercial Advantage Excess Liability

### RENEWAL DECLARATION

**POLICY NO:** 44-PB-000469270-11/000

**RENEWAL OF:** 44-PB-000469270-10

#### NAMED INSURED AND MAILING ADDRESS

KRYSTAL VILLA II ASSOCIATION  
PO BOX 610  
KETCHUM, ID 83340

#### AGENCY AND MAILING ADDRESS 0000001163

SUN VALLEY INSURANCE, INC.  
PO BOX 5808  
KETCHUM, ID 83340

**POLICY PERIOD:** FROM 04/19/2022 TO 04/19/2023 AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE.

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

#### LIMITS OF INSURANCE

LIMIT – PER INCIDENT	\$1,000,000
GENERAL AGGREGATE LIMIT	\$1,000,000
PRODUCTS-COMPLETED OPERATIONS AGGREGATE LIMIT	\$1,000,000

#### DESCRIPTION OF BUSINESS

##### FORM OF BUSINESS:

- ☐ INDIVIDUAL      ☐ PARTNERSHIP      ☐ JOINT VENTURE      ☐ TRUST
- ☐ LIMITED LIABILITY COMPANY      ☐ ORGANIZATION, INCLUDING A CORPORATION (BUT NOT INCLUDING A PARTNERSHIP, JOINT VENTURE OR LIMITED LIABILITY COMPANY)
- ☒ OTHER

**BUSINESS DESCRIPTION:** RESIDENTIAL CONDOMINIUMS

# AMERICAN HALLMARK INSURANCE COMPANY OF TEXAS

5420 LYNDON B JOHNSON FWY, STE 1100, DALLAS, TX 75240

## Commercial Advantage Excess Liability

RENEWAL DECLARATION

**POLICY NO:** 44-PB-000469270-11/000  
**INSURED:** KRYSTAL VILLA II ASSOCIATION

**EFFECTIVE DATE:** 04/19/2022  
**AGENT:** SUN VALLEY INSURANCE, INC.

### SCHEDULE OF UNDERLYING INSURANCE

TYPE OF INSURANCE	CARRIER POLICY NUMBER POLICY PERIOD	LIMITS OF INSURANCE
<i>Comprehensive Business Liability</i>	<i>American Hallmark Insurance Company of Texas</i> <i>44-PB-000469270-11</i> <i>04/19/2022 to 04/19/2023</i>	\$1,000,000 Each Occurrence \$2,000,000 Prod/Comp Ops Aggregate \$2,000,000 All Other Aggregate
<i>Commercial Auto</i>	<i>Hired Car and Non-Owned Auto Liability</i> <i>Included in Comprehensive Business Liability Limit</i>	Included

# AMERICAN HALLMARK INSURANCE COMPANY OF TEXAS

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## Commercial Advantage Excess Liability

RENEWAL DECLARATION

**POLICY NO:** 44-PB-000469270-11/000  
**INSURED:** KRYSTAL VILLA II ASSOCIATION

**EFFECTIVE DATE:** 04/19/2022  
**AGENT:** SUN VALLEY INSURANCE, INC.

TERRORISM RISK INSURANCE ACT CHARGE IS

\$12

TOTAL COMMERCIAL ADVANTAGE EXCESS LIABILITY PREMIUM	\$	412
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### FORMS AND ENDORSEMENTS

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

See Forms Schedule

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

# AMERICAN HALLMARK INSURANCE COMPANY OF TEXAS

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## FORMS SCHEDULE

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INTERLINE FORMS		APPLICABLE COVERAGE PARTS
ILP001 01-04	U.S. TREASURY "OFAC" DISCLOSURE	Commercial Advantage Policy (Businessowners), Commercial Advantage Excess Liability
AH0017 01-16	SIGNATURE PAGE	Commercial Advantage Policy (Businessowners), Commercial Advantage Excess Liability
AH0018 01-21	Disclosure and Offer of Terrorism	Commercial Advantage Policy (Businessowners), Commercial Advantage Excess Liability
AH0022 03-05	PRIVACY NOTICE	Commercial Advantage Policy (Businessowners), Commercial Advantage Excess Liability
AH0050 06-15	POLICYHOLDER NOTICE OF CLAIM REPORTING PROCEDURES	Commercial Advantage Policy (Businessowners), Commercial Advantage Excess Liability
EPL009 04-22	Coronavirus Exclusions for Employment Practices Liability Insurance	Commercial Advantage Policy (Businessowners)
EPLP001 04-22	Advisory Notice to Policyholders - Coronavirus Exclusion	Commercial Advantage Policy (Businessowners)
IL0017 11-98	Common Policy Conditions	Commercial Advantage Excess Liability
IL0204 09-08	Idaho Changes - Cancellation And Nonrenewal	Commercial Advantage Excess Liability

# AMERICAN HALLMARK INSURANCE COMPANY OF TEXAS

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## FORMS SCHEDULE

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INTERLINE FORMS		APPLICABLE COVERAGE PARTS
NP0014 01-21	Advisory Notice to Policyholders	Commercial Advantage Policy (Businessowners), Commercial Advantage Excess Liability

COMMERCIAL ADVANTAGE POLICY FORMS (Businessowners)	
CBP001 01-18	Commercial Advantage Policy
CBP299 03-20	Cyber Incident Exclusion
CYB008 06-17	Cyber Liability and Data Breach Response Coverage Endorsement
CBP033 02-06	Condominium Association Coverage
CBP055 03-05	Fungi or Bacteria Exclusion (Liability)
CBP056 03-05	Fungus, Wet Rot, Dry Rot and Bacteria Exclusion (Property)
CBP059 01-07	Exclusion of Loss Due to Virus or Bacteria (Including Food Contamination Business Income Exception)
CBP062 08-13	Idaho Changes
CBP084 09-08	Blanket Building Coverage
CBP100 01-15	Cap On Losses From Certified Acts Of Terrorism
CBP114 01-15	Exclusion of Punitive Damages Related to a Certified Act of Terrorism
EPL001 07-11	Employment Practices Coverage Part Standard
EPL002 07-11	Employment Practices Liability Insurance Coverage Part Claims First Made and Reported Schedule - Standard
CBP031 01-14	Preferred Claims-Made Condominium Directors and Officers Liability Endorsement
CBP011 01-14	Hired Auto Liability Endorsement
EPL032 07-11	Idaho Amendatory Endorsement (Standard)
CBP008 10-10	Ordinance or Law Coverage

COMMERCIAL ADVANTAGE EXCESS LIABILITY FORMS	
CAE912 11-96	Commercial Advantage Excess Liability Coverage Form
CAE920 04-02	Fungi or Bacteria Exclusion
CAE922 01-15	Cap On Losses From Certified Acts of Terrorism

# AMERICAN HALLMARK INSURANCE COMPANY OF TEXAS

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## FORMS SCHEDULE

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**RENEWAL OF:** 44-PB-000469270-10

### NAMED INSURED AND MAILING ADDRESS

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### COMMERCIAL ADVANTAGE EXCESS LIABILITY FORMS

CAE928 01-15	Exclusion of Punitive Damages Related to a Certified Act of Terrorism
CAE931 01-03	War Liability Exclusion
CAE934 01-07	Conditional Exclusion of Terrorism (Relating to Disposition of Federal)
CAE939 04-12	Liquor Liability Exclusion
CAE986 06-17	Exclusion - Access or Disclosure of Confidential or Personal Information

# U.S. TREASURY DEPARTMENT'S 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 OFAC. **Please read this Notice carefully.**

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

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

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

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



**AMERICAN HALLMARK INSURANCE COMPANY OF TEXAS**

**In Witness Whereof, the Company has caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by a duly authorized representative of the Company.**

A handwritten signature in black ink, appearing to read 'Mark Schwarz', with a stylized flourish at the end.

**Mark E. Schwarz, President**

A handwritten signature in black ink, appearing to read 'Chris Kenney', with a stylized flourish at the end.

**Christopher J. Kenney, Secretary**

## American Hallmark Insurance Company of Texas

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

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

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 KRYSTAL VILLA II ASSOCIATION

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 Insured's Name

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 PO BOX 610

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 Ketchum, ID 83340

---

 Insured's Mailing Address

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 44-PB-000469270-11

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 Policy Number

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**PREMIUM DUE DATE:**

Billing Notice Sent Separately

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

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

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

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

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

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

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

\_\_\_\_\_ I hereby elect to purchase coverage for losses arising from certified acts of terrorism. I understand that the premium due for this coverage is \$ 712

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

\_\_\_\_\_  
Policyholder's Signature

\_\_\_\_\_  
Date

## Privacy Policy Disclosure Notice

The Gramm-Leach-Bliley Act (GLBA) and various other federal and state privacy regulations generally prohibit any financial institution, directly or through its affiliates, from sharing nonpublic personal information about you with a non-affiliated third party unless the institution provides you with a notice of its privacy policies and practices, such as the type of information that it collects about you and the categories of persons or entities to whom it may be disclosed.

Hallmark Financial Services, Inc. ("HFS"), through its subsidiaries, provides insurance products and services and is firmly committed to its affirmative and continuing obligation to respect the privacy of its current, former and prospective policyholders and to protect the security and confidentiality of their nonpublic personal information. Therefore, proper handling of your personal information is one of our highest priorities. We collect and utilize information we believe is necessary to efficiently administer our business, to advise you about our products, and provide you with outstanding customer service. We want you to know why we collect personal information about you, what we do with that information and explain to you our commitment to protect the information collected.

In order to provide you with quality insurance products and the service you deserve, it is necessary for us to collect nonpublic personal information about you and, in certain situations, to share that information with others. The following notice describes our policies and practices with regard to your nonpublic personal information.

### PROTECTION OF YOUR PERSONAL INFORMATION

Not only is the protection of nonpublic personal information a legal requirement, it is also a good business practice. We maintain appropriate physical, electronic and procedural safeguards to maintain the confidentiality and security of your nonpublic personal information. We restrict access to nonpublic personal information about you to those employees who need access to that information to provide products or services to you. When information is shared with companies performing work on Hallmark's behalf, we protect your personal information where required by law with contractual confidentiality agreements that obligate those companies to keep confidential any information about you furnished to them.

We provide training to our employees on the importance of maintaining the confidentiality and security of your nonpublic personal information. Employees who violate our privacy policies are appropriately disciplined.

### CATEGORIES OF INFORMATION THAT WE COLLECT

We collect and use only that nonpublic personal information required for us to provide services and products requested by you and to administer your business with us such as underwriting and processing your policies and the administration and handling of claims.

We may collect nonpublic personal information about you from the following sources:

- Information that we receive from you on applications and other related forms such as your name, address, telephone number, and social security number;
- Information about your transactions with us, our affiliates or others such as your underwriting information, driving record, claim history, policy number, premium, payment history, and claim information;
- Information that we receive from consumer credit reporting agencies such as your credit history.

The nonpublic personal information collected may come from persons such as independent insurance agents, brokers, policyholders, or persons involved in the claim adjustment process such as claimants, witnesses to an accident, repair facilities, hospitals, doctors and attorneys.

If you visit our corporate website, at [www.hallmarkgrp.com](http://www.hallmarkgrp.com), or any website of a subsidiary company to which we provide a link, we may automatically track and collect information regarding your visit including your IP address; domain server, type of computer, type of web browser and the pages you viewed on our corporate or subsidiary's website. This information (Traffic Data) is information that unless you have specifically entered identifying information somewhere in the site, does not personally identify you, but rather is helpful for marketing purposes or for improving your experience on the site. We currently do not collect nonpublic personal information through your use of our websites. You may view our website privacy statement by clicking the "Privacy Policy" option on the corporate site.

## **CATEGORIES OF INFORMATION THAT WE DISCLOSE AND PARTIES TO WHOM WE MAY DISCLOSE INFORMATION**

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as required or permitted by law. Hallmark does not sell or distribute for sale any nonpublic personal information. Nor do we disclose your personal information to any person, company or organization not affiliated with us for their own marketing purposes.

However, we may disclose nonpublic personal information about our policyholders (current, former and prospective) with affiliated and non-affiliated third parties as necessary to service an insurance policy or claim or as permitted or required by law. We may disclose nonpublic personal information we collect about you to third parties with whom we contract to perform business functions such as record keeping, policy administration, claim administration, billing, computer related services, distribution of materials, and joint marketing of our products and services.

We understand the importance and seriousness of protecting the confidentiality and security of your nonpublic personal information. We respect and appreciate the trust that you, as a valued policyholder, have placed with us and we continuously strive to earn and maintain that trust.

## **ACCESS TO AND CORRECTION OF YOUR INFORMATION**

You have a right to know the nature and substance of the recorded personal information contained in our files about you. You may review and/or for a reasonable fee, receive a copy of the information upon written request at the address shown below. You must properly identify yourself and reasonably describe the information you seek. Your request should contain your name, address, all policy and claim numbers issued to you by us and a copy of your drivers license or other personal identification. Upon receipt of your request, we will furnish to you within thirty (30) business days the nature and substance of locatable, retrievable and available recorded personal information. We will also furnish you with a list of all persons or organizations to whom the information has been disclosed within the past two years. If the source of information about you was a consumer credit reporting agency or other institution, we will identify those sources so you can contact them if you so desire. You may also request that we correct, amend or delete any recorded personal information. If we do not make the requested change(s), you have the right to provide, for insertion in our file, a concise written statement setting forth what you think is the correct, relevant or fair information and a concise statement of the reasons why you disagree with our decision not to correct, amend or delete recorded personal information. Your statement will become a part of our file and included with any future disclosures.

## **CHANGES TO OUR NOTICE OF PRIVACY POLICY AND INSURANCE INFORMATION PRACTICES**

We reserve the right to change our privacy policies and insurance information practices. If we make any material changes to our policies or practices, we will provide you with a copy of a revised notice.

## **OPT OUT STATEMENT**

If you prefer we do not disclose personal identifying information or personal financial information about you to nonaffiliated third parties, you may opt out of those disclosures (other than disclosures allowed by law). You may do so by sending us a letter informing us of your election to opt out at the address shown below. Your letter should include the name of your insurance company and your policy number.

If you have any questions regarding the content of this notice, you may call us at (817)348-1600 or you may write to us at:

**Hallmark Financial Services, Inc.**

**Attention: Compliance**

**5420 Lyndon B Johnson Fwy, Ste 1100**

**Dallas, Tx 75240-2345**

This notice is being provided on behalf of:

**Hallmark Financial Services, Inc., and its subsidiaries**

## POLICYHOLDER NOTICE OF CLAIM REPORTING PROCEDURES

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

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

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

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

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

## **EXCLUSION – OPIOIDS AND OTHER PRESCRIPTION DRUGS**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL ADVANTAGE POLICY**

The following exclusion is added to Paragraph **B. Exclusions** of **Section II – Liability**:

#### **Opioids and Other Prescription Drugs**

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

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

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

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

All other terms and conditions of the policy remain unchanged.

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

## **EXCLUSION – GOVERNMENTAL ACTIONS RELATED TO PRESCRIPTION DRUGS**

This endorsement modifies insurance provided under the following:

COMMERCIAL ADVANTAGE POLICY

The following exclusion is added to Paragraph **B. Exclusions** of **Section II – Liability**:

### **Governmental Actions Related to Prescription Drugs**

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

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

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

All other terms and conditions of the policy remain unchanged.



## ADVISORY NOTICE TO POLICYHOLDERS – EXCLUSIONS RELATED TO PRESCRIPTION DRUGS

This Notice does not form a part of your insurance contract. No coverage is provided by this Notice, nor can it be construed to replace any provisions of your policy (including its endorsements). If there is any conflict between this Notice and the policy (including its endorsements), **the provisions of the policy (including its endorsements) shall prevail.**

Carefully read your policy, including the endorsements attached to your policy.

This Notice provides information concerning the following new endorsements, which applies to your renewal policy being issued by us:

### **Exclusion – Opioids and Other Prescription Drugs CBP 186 04 22**

When an Opioids and Other Prescription Drugs Exclusion endorsement is attached to your policy, coverage is excluded for liability arising directly or indirectly out of or in any way related to any actual or alleged diversion, abuse, misuse, addictive use, illicit use, overuse, or unlawful distribution of drugs requiring a prescription; failure or inadequacy of any controls, practices, or procedures to prevent or report behavior relating to the actual or alleged diversion, abuse, misuse, addictive use, illicit use, overuse, or unlawful distribution of any drugs requiring a prescription; and failure to warn or inadequacy of warnings related to the consequences of any diversion, abuse, misuse, addictive use, illicit use, overuse, or unlawful distribution of any drugs requiring a prescription.

### **Exclusion – Governmental Actions Related To Prescription Drugs CBP 187 04 22**

When a Governmental Actions Related to Prescription Drugs Exclusion endorsement is attached to your policy, coverage is excluded for any claim, suit, demand, or loss brought by or on behalf of any state, municipality, or other governmental entity or agency seeking damages, fines, penalties, or any other type of relief, whether monetary or not, arising from, or in any way related to, any insured selling, distributing, or dispensing drugs which require a prescription.

The attachment of this endorsement may result in a reduction of coverage.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## **CORONAVIRUS EXCLUSIONS FOR EMPLOYMENT PRACTICES LIABILITY INSURANCE**

This endorsement modifies insurance provided under the following:

### **EMPLOYMENT PRACTICES LIABILITY INSURANCE COVERAGE PART**

In consideration of the premium charged for this Policy, it is hereby understood and agreed that we shall not be liable to make any payment for **Loss** in connection with or resulting from any **Claim** which, in whole or in part, alleges **Discrimination** based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving the coronavirus disease 2019 (COVID-19) or any other disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV 2) (previously known as 2019-nCoV), or any disease caused by any mutation or variation of SARS-CoV 2, or any disease caused by any mutation or variation of MERS-CoV.

All other terms and conditions of this Policy remain unchanged.

## ADVISORY NOTICE TO POLICYHOLDERS CORONAVIRUS EXCLUSION

This Notice does not form a part of your insurance contract. No coverage is provided by this Notice, nor can it be construed to replace any provisions of your policy (including its endorsements). If there is any conflict between this Notice and the policy (including its endorsements), **the provisions of the policy (including its endorsements) shall prevail.**

Carefully read your policy, including the endorsements attached to your policy.

This Notice provides information concerning the following new endorsement, which applies to your renewal policy being issued by us:

### **Coronavirus Exclusions For Employment Practices Liability Insurance EPL 009 04 22**

When a Coronavirus Exclusion endorsement is attached to your policy, coverage is excluded for any claim which, in whole or in part, alleges discrimination based upon coronavirus diseases.

The attachment of this endorsement may result in a reduction of coverage.

## 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.

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

## **IDAHO CHANGES – CANCELLATION AND NONRENEWAL**

This endorsement modifies insurance provided under the following:

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

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

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

**2. Policies In Effect**

**a. 60 Days Or Less**

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

- (1)** 10 days before the effective date of cancellation if we cancel for nonpayment of premium. If delivered via United States mail, the 10 day notification period begins to run five days following the date of postmark; or
- (2)** 30 days before the effective date of cancellation if we cancel for any other reason.

**b. More Than 60 Days**

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

- (1)** Nonpayment of premium;
- (2)** Fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;
- (3)** Acts or omissions on your part which increase any hazard insured against;
- (4)** Change in the risk which materially increases the risk of loss after the policy has been issued or renewed including, but not limited to, an increase in exposure due to regulation, legislation or court decision;
- (5)** Loss of or decrease in reinsurance which provided us with coverage for all or part of the risk insured;

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

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

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

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

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

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

#### **NONRENEWAL**

1. If we elect not to renew this policy, we will mail or deliver to the first Named Insured a written notice of intention not to renew at least 45 days prior to the expiration or anniversary date of the policy.
2. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
3. If notice is not mailed or delivered at least 45 days before the expiration or anniversary date of this policy, this policy will remain in effect until 45 days after notice is mailed or delivered. Earned premium for the extended period of coverage will be calculated pro rata at the rates applicable to the expiring policy.
4. We need not mail or deliver this notice if:
  - a. We have offered to renew this policy;
  - b. You have obtained replacement coverage; or
  - c. You have agreed in writing to obtain replacement coverage.

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

C. The following Condition is added:

#### **PREMIUM OR COVERAGE CHANGES AT RENEWAL**

1. If we elect to renew this policy, we will mail or deliver written notice of any total premium increase greater than ten percent (10%) which is the result of a comparable increase in premium rates, change in deductible, reduction in limits or reduction in coverage to the first Named Insured, at the last mailing address known to us.
2. Any such notice will be mailed or delivered to the first Named Insured at least 30 days before the expiration or anniversary date of the policy.
3. If notice is not mailed or delivered at least 30 days before the expiration or anniversary date of the policy, the premium, deductible, limits and coverage in effect prior to the changes will remain in effect until the earlier of the following:
  - a. 30 days after notice is given; or
  - b. The effective date of replacement coverage obtained by the first Named Insured.
4. If the first Named Insured accepts the renewal, the premium increase, if any, and other changes will be effective on and after the first day of the renewal term.
5. If the first Named Insured elects not to renew, any earned premium for the resulting extended period of coverage will be calculated pro rata at the lower of the new rates or rates applicable to the expiring policy.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

## Advisory Notice To Policyholders

### 2019 Reauthorization of the Federal Terrorism Risk Insurance Act

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

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

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

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

#### **SPECIAL NOTES:**

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

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

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

#### **UMBRELLA AND COMMERCIAL ADVANTAGE EXCESS POLICIES:**

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

#### **REMINDER:**

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

American Hallmark Insurance Services, Inc.

5420 Lyndon B. Johnson Frwy, Suite 1100

Dallas, TX 75240-2345

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

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

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

If you have questions, please contact your agent.

## COMMERCIAL ADVANTAGE POLICY FEATURES

This is a summary of basic coverages automatically included in your policy. Higher limits of insurance are available for coverages indicated with an asterisk (\*) after their limit. If you have purchased a higher limit for any of these coverages, the higher limit will print on the Declarations Page.

Refer to the Declarations Page and Policy Forms and Endorsements for information regarding any optional coverage that may be included in this policy.

**THIS IS SUMMARY FOR REFERENCE ONLY.** No coverage is provided by this summary nor can it be construed to replace any provisions of your policy. Always refer to the Declarations Page and Policy Forms and Endorsements for complete information on the coverages you are provided. If there is any conflict between the policy and this summary, **THE PROVISIONS OF THE POLICY SHALL PREVAIL.**

### PROPERTY

### COVERED

Accounts Receivable (Available only with BPP) .....	Yes - \$50,000* Inside, \$5,000 Outside
Arson or Fraud Reward.....	Yes - \$5,000
Automatic Increase – Building.....	Yes - 4% per policy period
Brands and Labels.....	Yes - \$25,000
Building Glass.....	Yes - Exterior, interior and tenant's exterior building glass
Business Income.....	Yes - Actual Loss Sustained or 12 months (72-hour waiting period)
Business Income from Dependent Properties.....	Yes - Actual Loss Sustained or \$10,000 (72-hour waiting period)
Civil Authority.....	Yes - Actual Loss Sustained or 4 weeks
Claims Expenses.....	Yes - \$10,000
Collapse.....	Yes - Specified Causes of Loss
Debris Removal.....	Yes - Up to 25% of Direct Physical Damage loss amount
Electronic Data (Including Equipment Breakdown) .....	Yes - \$25,000
Employee Dishonesty.....	Yes - \$10,000*
Equipment Breakdown.....	Yes - Includes limited coverage for Green Improvements Includes \$250,000 Refrigerant Contamination Includes \$250,000 Spoilage
Extra Expense.....	Yes - Actual Loss Sustained or 12 months (72-hour waiting period)
Fine Arts.....	Yes - \$25,000
Fire Department Service Charge.....	Yes - \$5,000
Fire Extinguisher Systems Recharge Expense.....	Yes - \$5,000 any one fire
Forgery or Alteration.....	Yes - \$10,000
Foundations.....	Yes
Interruption of Computer Operations.....	Yes - \$15,000
Laptop Computers – Worldwide Coverage.....	Yes - \$5,000
Money and Securities.....	Yes - \$10,000 Inside, \$5,000 Outside
Money Orders and Counterfeit Money.....	Yes - \$10,000
Newly Acquired or Constructed Property – Building .....	Yes - \$500,000 for 30 days
Newly Acquired or Constructed Property – Business Personal Property (BPP).....	Yes - \$250,000 for 30 days
No Coinsurance.....	Yes
Off Premises Power or Water Failure.....	Yes - \$10,000
Ordinance or Law (Available only with Building RC) .....	Yes - \$50,000*
Outdoor Property.....	Yes - \$25,000, \$1,000 maximum for any one tree, shrub or plant
Outdoor Signs.....	Yes - \$10,000* per occurrence
Personal Effects.....	Yes - \$2,500
Personal Property Off Premises (Including While In Transit and Laptops and Other Electronic Equipment) .....	Yes - \$25,000*
Pollutant Clean Up and Removal.....	Yes - \$15,000



**PROPERTY (Continued)**

Preservation of Property .....  
Property of Others.....  
Replacement Cost Building .....  
Replacement Cost BPP.....  
Risks of Direct Physical Loss – Building.....  
Risks of Direct Physical Loss – BPP.....  
Seasonal Increase – BPP.....  
Spoilage (Available only with BPP) .....  
Sprinkler Leakage.....  
Unauthorized Business Card Use.....  
Valuable Papers and Records (Available only with BPP) .....  
Water Back-Up and Sump Overflow.....  
Water Damage, Other Liquids, Powder or Molten  
Material Damage.....

**COVERED**

Yes - 30 days  
Yes - Without regard to legal liability  
Yes  
Yes  
Yes  
Yes  
Yes - 25% if limit is at least 100% of monthly average  
Yes - \$15,000\*  
Yes  
Yes - \$5,000  
Yes - \$25,000\* Inside, \$5,000 Outside  
Yes - \$25,000\*  
Yes

**LIABILITY**

Business Liability Limit.....  
Medical Expenses Limit.....  
Damages to Premises Rented to You.....  
Premises/Operations Coverage.....  
Products/Completed Operations Coverage.....  
Personal and Advertising Injury.....  
Host Liquor Liability.....  
Expenses Incurred by Company.....  
Cost of Bonds to Release Attachments.....  
Expenses Incurred by Insured at Company's Request.....  
  
Costs Taxed Against Insured in Suit.....  
Non-Owned Auto Liability Coverage.....

**COVERED**

\$500,000\*  
\$5,000 per person  
Yes - \$100,000\*  
Yes  
Yes  
Yes  
Yes  
Yes  
Yes  
Yes - Including up to \$250 per day due to actual loss of  
earnings because of time off from work  
  
Yes  
Yes

# COMMERCIAL ADVANTAGE POLICY

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.

In **SECTION II - LIABILITY**, the word "insured" means any person or organization qualifying as such under Paragraph **C. Who Is An Insured**.

Other words and phrases that appear in quotation marks have special meaning. Refer to Paragraph **G. Property Definitions** in **SECTION I - PROPERTY** and Paragraph **F. Liability And Medical Expenses Definitions** in **SECTION II - LIABILITY**.

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## SECTION I - PROPERTY

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### A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

#### 1. Covered Property

Covered Property includes Buildings as described under Paragraph **a.** below, Business Personal Property as described under Paragraph **b.** below, or both, depending on whether a Limit of Insurance is shown in the Declarations for that type of property.

Regardless of whether coverage is shown in the Declarations for Buildings, Business Personal Property, or both, there is no coverage for property described under Paragraph **2. Property Not Covered**.

##### a. Buildings

Buildings, meaning the buildings and structures at the premises described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures and fences;
- (3) Permanently installed:
  - (a) Machinery; and
  - (b) Equipment;
- (4) Your personal property in apartments, rooms or common areas furnished by you as landlord;
- (5) Personal property owned by you that is used to maintain or service the buildings or structures or the premises, including:
  - (a) Fire extinguishing equipment;
  - (b) Outdoor furniture;
  - (c) Floor coverings; and
  - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (6) If not covered by other insurance:
  - (a) Additions under construction, alterations and repairs to the buildings or structures;
  - (b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the described premises, used for making additions, alterations or repairs to the buildings or structures; and
- (7) All garages, storage buildings and appurtenant structures usual to your occupancy.

##### b. Business Personal Property

Business Personal Property located in or on the buildings at the described premises or in the open (or in a vehicle) within 1,000 feet of the described premises, including:

- (1) Property you own that is used in your business;
- (2) Property of others that is in your care, custody or control. This insurance will apply without regard to your legal liability;
- (3) Tenant's improvements and betterments. Improvements and betterments are fixtures, alterations,

installations or additions:

- (a) Made a part of the building or structure you occupy but do not own; and
- (b) You acquired or made at your expense but cannot legally remove;
- (4) Leased personal property which you have a contractual responsibility to insure, unless otherwise provided for under Paragraph 1.b.(2); and
- (5) Exterior building glass, if you are a tenant and no Limit of Insurance is shown in the Declarations for Building property. The glass must be owned by you or in your care, custody or control.

## 2. Property Not Covered

Covered Property does not include:

- a. Aircraft, automobiles, motortrucks and other vehicles subject to motor vehicle registration;
- b. "Money" or "securities" except as provided in:
  - (1) **Additional Coverage - Money and Securities**; or
  - (2) **Additional Coverage - Employee Dishonesty**;
- c. Contraband, or property in the course of illegal transportation or trade;
- d. Land (including land on which the property is located), water, growing crops or lawns;
- e. Radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants, all except as provided in the:
  - (1) **Coverage Extension - Outdoor Property**; or
  - (2) **Additional Coverage – Outdoor Signs**;
- f. Watercraft (including motors, equipment and accessories) while afloat;
- g. Accounts, bills, food stamps, other evidences of debt, accounts receivable or "valuable papers and records"; except as otherwise provided in this policy;
- h. "Computer(s)" which are permanently installed or designed to be permanently installed in any aircraft, watercraft, motortruck or other vehicle subject to motor vehicle registration. This paragraph does not apply to "computer(s)" while held as "stock";
- i. "Electronic Data", except as provided under **Additional Coverage – Electronic Data**. This Paragraph i. does not apply to your "stock" of prepackaged software.

## 3. Covered Causes Of Loss

Risks of direct physical loss unless the loss is:

- a. Excluded in Paragraph **B. Exclusions** of **SECTION I - PROPERTY**; or
- b. Limited in Paragraph **A.4. Limitations** of **SECTION I - PROPERTY**.

## 4. Limitations

- a. We will not pay for loss of or damage to:
  - (1) Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property. This limitation does not apply to the **Additional Coverage – Money and Securities**.
  - (2) Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
  - (3) The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
    - (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.
- b. We will not pay for loss of or damage to fragile articles such as glassware, statuary, marble, chinaware and porcelain, if broken, unless caused by the "specified causes of loss" or building glass breakage. This restriction does not apply to:
  - (1) Glass that is part of the exterior or interior of a building or structure;
  - (2) Containers of property held for sale;
  - (3) Photographic or scientific instrument lenses; or

**(4) Additional Coverage – FineArts.**

- c. For loss or damage by theft, the following types of property are covered only up to the limits shown:
- (1) \$2,500 for furs, fur garments and garments trimmed with fur.
  - (2) \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
  - (3) \$2,500 for patterns, dies, molds and forms.

**5. Additional Coverages**

**a. Arson Or Fraud Reward**

In the event that a covered loss was a result of arson or fraud, we will, at our discretion, reimburse up to \$5,000 for rewards you pay for information leading to arrest and conviction for that act of arson or fraud.

**b. Business Income**

- (1) 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 damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

- (a) The portion of the building which you rent, lease or occupy; and
  - (b) Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.
- (2) We will only pay for loss of Business Income that you sustain during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage. We will only pay for ordinary payroll expenses for 60 days following the date of direct physical loss or damage.
- (3) Business Income means the:
- (a) Net income (net profit or loss before income taxes) that would have been earned or incurred if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses; and
  - (b) Continuing normal operating expenses incurred, including ordinary payroll.
- (4) With respect to the coverage provided in this Additional Coverage, suspension means:
- (a) The partial slowdown or complete cessation of your business activities; or
  - (b) That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.
- (5) Ordinary Payroll Expenses:
- (a) Mean payroll expenses for all your employees except:
    - (i) Officers;
    - (ii) Executives;
    - (iii) Department Managers; and
    - (iv) Employees under contract.
  - (b) Include:
    - (i) Payroll;
    - (ii) Employee benefits, if directly related to payroll;
    - (iii) FICA payments you pay;
    - (iv) Union dues you pay; and
    - (v) Workers compensation premiums.

**c. Business Income From Dependent Properties**

- (1) We will pay for the actual loss of Business Income you sustain due to direct physical loss or damage at the premises of a dependent property caused by or resulting from any Covered Cause of Loss.
- However, this Additional Coverage does not apply when the only loss to dependent property is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.
- The most we will pay under this Additional Coverage is \$10,000 in any one occurrence.
- (2) We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available:
- (a) Source of materials; or
  - (b) Outlet for your products.
- (3) If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.
- (4) Dependent property means property owned by others whom you depend on to:
- (a) Deliver materials or services to you, or to others for your account. But services does not mean water, communication or power supply services;
  - (b) Accept your products or services;
  - (c) Manufacture your products for delivery to your customers under contract of sale; or
  - (d) Attract customers to your business.
- The dependent property must be located in the coverage territory of this policy.
- (5) The coverage period for Business Income under this Additional Coverage:
- (a) Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the premises of the dependent property; and
  - (b) Ends:
    - (i) On the date when the property at the premises of the dependent property should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
    - (ii) Within 30 days, whichever is less.
- (6) The Business Income coverage period as stated in Paragraph (5) above does not include any increased period required due to the enforcement of any ordinance or law that:
- (a) Regulates the construction, use or repair, or requires the tearing down of any property; or
  - (b) Requires any insured or others to test for, monitor, clean up, remove, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".
- The expiration date of this policy will not reduce the Business Income coverage period.
- (7) The definition of Business Income contained in **Additional Coverage – Business Income** also applies to this Additional Coverage.

**d. Civil Authority**

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur, caused by action of civil authority that prohibits access to the described premises due to direct physical loss or damage to property, other than at the described premises, caused by or resulting from any Covered Cause of Loss.

The coverage for Business Income will begin 72 hours after the time of that action and will apply for a period of up to four consecutive weeks after that coverage begins.

The coverage for necessary Extra Expense will begin immediately after the time of that action and ends:

- (1) Four consecutive weeks after the date of that action; or
  - (2) When your Civil Authority coverage for Business Income ends;
- whichever is later.

The definitions of Business Income and Extra Expense contained in the **Additional Coverages - Business Income** and **Extra Expense** also apply to this **Additional Coverage – Civil Authority**.

**e. Collapse**

The coverage provided under this **Additional Coverage – Collapse** applies only to an abrupt collapse as described and limited in **e.(1)** through **e.(7)**.

- (1)** For the purpose of this **Additional Coverage – Collapse**, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of building cannot be occupied for its intended purpose.
- (2)** We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this policy or that contains Covered Property insured under this policy, if such collapse is caused by one or more of the following:
  - (a)** Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
  - (b)** Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
  - (c)** Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of construction, remodeling or renovation.
  - (d)** Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:
    - (i)** A cause of loss listed in Paragraph **(2)(a)** or **(2)(b)**;
    - (ii)** One or more of the “specified causes of loss”;
    - (iii)** Breakage of building glass;
    - (iv)** Weight of people or personal property; or
    - (v)** Weight of rain that collects on a roof.
- (3)** This **Additional Coverage – Collapse** does not apply to:
  - (a)** A building or any part of a building that is in danger of falling down or caving in;
  - (b)** A part of a building that is standing, even if it has separated from another part of the building; or
  - (c)** A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- (4)** With respect to the following property:
  - (a)** Awnings;
  - (b)** Gutters and downspouts;
  - (c)** Yard fixtures;
  - (d)** Outdoor swimming pools;
  - (e)** Piers, wharves and docks;
  - (f)** Beach or diving platforms or appurtenances;
  - (g)** Retaining walls; and
  - (h)** Walks, roadways and other paved surfaces;if an abrupt collapse is caused by a cause of loss listed in Paragraphs **(2)(a)** through **(2)(d)**, we will pay for loss or damage to that property only if such loss or damage is a direct result of the abrupt collapse of a building insured under this policy and the property is Covered Property under this policy.
- (5)** If personal property abruptly falls down or caves in and such collapse is not the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:
  - (a)** The collapse of personal property was caused by a cause of loss listed in Paragraphs **(2)(a)** through **(2)(d)** of this Additional Coverage;
  - (b)** The personal property which collapses is inside a building; and
  - (c)** The property which collapses is not of a kind listed in Paragraph **(4)**, regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **(5)** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

Collapse of personal property does not mean cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

- (6)** This **Additional Coverage – Collapse** does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending,

leaning, settling, shrinkage or expansion.

- (7) This **Additional Coverage – Collapse** will not increase the Limits of Insurance provided in this policy.
- (8) The term Covered Cause of Loss includes the **Additional Coverage – Collapse** as described and limited in e.(1) through e.(7).

**f. Debris Removal**

- (1) Subject to Paragraphs (3) and (4), we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
- (a) Extract “pollutants” from land or water; or
  - (b) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
- (a) The most that we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
  - (b) Subject to Paragraph (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.
- (4) We will pay up to an additional \$25,000 for debris removal expense for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
  - (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if Paragraphs (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$25,000.

**(5) Examples**

**Example #1**

Limit of Insurance	\$ 90,000
Amount of Deductible	\$ 500
Amount of Loss	\$ 50,000
Amount of Loss Payable	\$ 49,500
	(\$50,000 – \$500)
Debris Removal Expense	\$ 10,000
Debris Removal Expense Payable	\$ 10,000
	(\$10,000 is 20% of \$50,000)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore, the full amount of debris removal expense is payable in accordance with the terms of Paragraph(3).

**Example #2**

Limit of Insurance	\$ 90,000
Amount of Deductible	\$ 500
Amount of Loss	\$ 80,000

Amount of Loss Payable	\$ 79,500
	(\$80,000 – \$500)
Debris Removal Expense	\$ 35,500
Debris Removal Expense Payable	
Basic Amount	\$ 10,500
Additional Amount	\$ 25,000

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000; capped at \$10,500). The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$35,500) exceeds 25% of the loss payable plus the deductible (\$35,500 is 44.375% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$35,500 = \$115,000) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$25,000, the maximum payable under Paragraph (4). Thus the total payable for debris removal expense in this example is \$35,500.

#### g. Electronic Data

- (1) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore “electronic data” which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that “electronic data” is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the “electronic data” was stored, with blank media of substantially identical type.
- (2) The Covered Causes of Loss applicable to Business Personal Property include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including “electronic data”) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including “electronic data”) by any employee, including a temporary or leased employee, or by an entity retained by you, or for you, to inspect, design, install, modify, maintain, repair or replace that system.
- (3) The most we will pay under this Additional Coverage for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved, is \$25,000. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in, but not after, that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

#### h. Equipment Breakdown

The term Covered Cause of Loss includes the **Additional Coverage – Equipment Breakdown**.

- (1) We will pay for direct physical damage to Covered Property that is the direct result of an “equipment breakdown”.
- (2) The following coverages also apply to loss caused by or resulting from an “equipment breakdown”:

##### (a) Expediting Expenses

We will pay for the expediting expense loss resulting from an “equipment breakdown” with respect to your damaged Covered Property. We will pay the reasonable extra cost to:

- (i) Make temporary repairs;
- (ii) Expedite permanent repairs; and
- (iii) Expedite permanent replacement.

Reasonable extra cost means the extra cost of temporary repair and of expediting the repair of such damaged equipment of the insured, including overtime and the extra cost of express or other rapid means of transportation.

##### (b) Pollutant Clean Up and Removal

We will pay for the Pollutant Clean Up and Removal for loss resulting from an “equipment



breakdown". The most we will pay for the Pollutant Clean Up and Removal is \$250,000.

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

**(c) Refrigerant Contamination**

We will pay the loss from contamination by refrigerant used in refrigerating, cooling or humidity control equipment at the described premises as a result of an "equipment breakdown".

The most we will pay for Refrigerant Contamination is \$250,000.

**(d) Spoilage**

We will pay for loss of perishable goods due to spoilage resulting from lack of power, light, heat, steam or refrigeration caused by an "equipment breakdown".

However, we will not pay for any loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of the following causes of loss:

Fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, freezing, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water, water damage, earth movement or flood.

"Perishable goods" means stock preserved and maintained under controlled conditions and susceptible to loss or damage if the controlled conditions change.

The most we will pay for Spoilage is \$250,000.

**(e) CFC Refrigerants**

We will pay for the additional cost to repair or replace Covered Property because of the use or presence of a refrigerant containing CFC (chlorofluorocarbon) substances resulting from an "equipment breakdown".

Additional costs mean those costs in excess of what would have been required to repair or replace covered property, had no CFC refrigerant been involved. We also pay for additional loss as described under the Spoilage or Loss of Income Coverages provided by this **Additional Coverage – Equipment Breakdown**, caused by the presence of a refrigerant containing CFC substances.

We will pay no more than the least of the following:

- (i) The cost to repair the damaged property and replace any lost CFC refrigerant;
- (ii) The cost to repair the damaged property, retrofit the system to accept a non-CFC refrigerant, and charge the system with a non-CFC refrigerant; or
- (iii) The cost to replace the system with one using a non-CFC refrigerant.

**(f) Service Interruption**

Any insurance provided for Business Income, Extra Expense, Spoilage or Data Restoration is extended to apply to your loss, damage or expense caused by an "equipment breakdown" to equipment that is owned by a utility, landlord or other supplier with whom you have a contract to supply you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, "cloud computing", wide area networks or data transmission. The equipment must meet the definition of "equipment breakdown" except that it is not Covered Property.

**(g) Business Income and Extra Expense**

Any insurance provided under this policy for Business Income or Extra Expense is extended to the coverage provided by this **Additional Coverage – Equipment Breakdown**. The most we will pay for loss of Business Income you sustain or necessary Extra Expense you incur is the limit as contained in the **Additional Coverage – Business Income or Extra Expense**.

**(h) Temperature Fluctuation**

We will pay for loss of "perishable goods" only caused by or resulting from any condition or event to Covered Property that can be resolved by calibrating, resetting, tightening, adjusting or cleaning.

However, we will not pay for loss of "perishable goods" as a result of resetting the power supply to the Covered Property containing the "perishable goods".

The most we will pay for this Temperature Fluctuation is \$5,000 including any insurance provided

for Business Income or Extra Expense.

**(i) Computer Equipment**

We will pay for loss or damage to your "computer" caused by an "equipment breakdown".

**(j) Data Restoration**

We will pay for your reasonable and necessary cost to research, replace and restore the lost information on electronic media and records as a result of an "equipment breakdown".

The most we will pay for Data Restoration is \$100,000.

**(k) Unauthorized Instruction**

We will pay for loss or damage to your "computer" caused by an "unauthorized instruction" which results in an "equipment breakdown".

"Unauthorized instruction" means a virus, harmful code or similar instruction introduced into or enacted on a computer system or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation.

**(l) Risk Improvement**

If Covered Property suffers direct physical loss or damage due to an "equipment breakdown", we will pay for the insured to improve the "power quality" of the electrical system or equipment at the loss location where the "equipment breakdown" occurred. "Power quality" means the conditions that allow electrical systems or equipment to operate as intended by limiting voltage fluctuations and other power influences that would adversely affect the operational performance and/or reduce the reliability, or the life-span of the electrical system.

We will pay the reasonable extra cost to improve "power quality" for the following electrical systems and/or equipment improvements:

**(i)** Installation of surge protection devices (SPD's) which are installed at the loss location's line disconnect, load disconnect, or on specific pieces of equipment and that are certified by Underwriter Laboratories (UL) or has an equivalent certification.

However SPD's do not include any SPD's which are cord-connected surge strips, direct plug-in SPD's or receptacle SPD's; or

**(ii)** An upgrade and/or replacement of; electrical panels, switchgear and/or circuit breakers; or

**(iii)** Electrical wire and wiring improvements which include installation of; flexible conduit, junction boxes and/or ground wiring.

We will not pay more than 10%, to a maximum limit of \$10,000, of the loss amount paid. An invoice for implementation of this Additional Coverage must be sent to us within 180 days after the payment of the loss is received.

**(m) Off-Premises Coverage**

We will pay for loss or damage to Covered Property resulting from a covered "equipment breakdown" while temporarily at a premises or location that is not a described premises.

The most we will pay for Off-Premises Coverage is \$25,000.

**(3)** The limit for this Additional Coverage is included in the Limit of Insurance of the Covered Property. This is not additional insurance.

**i. Extra Expense**

**(1)** We will pay necessary Extra Expense you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

**(a)** The portion of the building which you rent, lease or occupy; and

**(b)** Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

**(2)** Extra Expense means expense incurred:

**(a)** To avoid or minimize the suspension of business and to continue "operations":

- (i) At the described premises; or
    - (ii) At replacement premises or at temporary locations, including relocation expenses, and costs to equip and operate the replacement or temporary locations.
  - (b) To minimize the suspension of business if you cannot continue “operations”.
  - (c) To:
    - (i) Repair or replace any property; or
    - (ii) Research, replace or restore the lost information on damaged “valuable papers and records” to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage or Additional Coverage **b. Business Income**.
  - (3) With respect to the coverage provided in this Additional Coverage, suspension means:
    - (a) The partial slowdown or complete cessation of your business activities; or
    - (b) That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.
  - (4) We will only pay for Extra Expense that occurs within 12 consecutive months after the date of direct physical loss or damage. This Additional Coverage is not subject to the Limits of Insurance of **SECTION I – PROPERTY**.
- j. Fire Department Service Charge**
- When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$5,000 for your liability for fire department service charges:
- (1) Assumed by contract or agreement prior to loss; or
  - (2) Required by local ordinance.
- k. Fire Extinguisher Systems Recharge Expense**
- (1) We will pay:
    - (a) The cost of recharging or replacing, whichever is less, your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) if they are discharged on or within 1,000 feet of the described premises; and
    - (b) For loss or damage to Covered Property if such loss or damage is the result of an accidental discharge of chemicals from a fire extinguisher or a fire extinguishing system.
  - (2) No coverage will apply if the fire extinguishing system is discharged during installation or testing.
  - (3) The most we will pay under this Additional Coverage is \$5,000 in any one occurrence.
- l. Forgery Or Alteration**
- (1) We will pay for loss resulting directly from forgery or alteration of, any check, draft, promissory note, bill of exchange or similar written promise of payment in “money” that you or your agent has issued, or that was issued by someone that impersonates you or your agent.
  - (2) If you are sued for refusing to pay the check, draft, promissory note, bill of exchange or similar written promise of payment in “money”, on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur in that defense.
  - (3) For the purpose of this coverage, check includes a substitute check as defined in the Check Clearing for the 21<sup>st</sup> Century Act, and will be treated the same as the original it replaced.
  - (4) The most we will pay for any loss, including legal expenses, under this Additional Coverage is \$10,000.
- m. Interruption Of Computer Operations**
- (1) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a suspension of “operations” caused by an interruption in computer operations due to destruction or corruption of “electronic data” due to a Covered Cause of Loss.
  - (2) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:
    - (a) Coverage under this **Additional Coverage – Interruption Of Computer Operations** is limited to “equipment breakdown”, the “specified causes of loss” and Collapse.

- (b) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including “electronic data”) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including “electronic data”) by an employee, including a temporary or leased employee, or by an entity retained by you, or for you, to inspect, design, install, modify, maintain, repair or replace that system.
- (3) The most we will pay under this Additional Coverage for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved, is \$15,000. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.
- (4) This Additional Coverage does not apply to loss sustained or expense incurred after the end of the “period of restoration”, even if the amount of insurance stated in (3) above has not been exhausted.
- (5) 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”, except as provided under Paragraphs (1) through (4) of this Additional Coverage.
- (6) Coverage for Extra Expense does not apply when action is taken to avoid or minimize a suspension of “operations” caused by destruction or corruption of “electronic data”, or any loss or damage to “electronic data”, except as provided under Paragraphs (1) through (4) of this Additional Coverage.

**n. Money And Securities**

- (1) We will pay for loss of “money” and “securities” used in your business while at a bank or savings institution, within your living quarters or the living quarters of your partners or any employee having use and custody of the property, at the described premises, or in transit between any of these places, resulting directly from:
  - (a) Theft, meaning any act of stealing;
  - (b) Disappearance; or
  - (c) Destruction.
- (2) In addition to the Limitations and Exclusions applicable to **SECTION I - PROPERTY**, we will not pay for loss:
  - (a) Resulting from accounting or arithmetical errors or omissions;
  - (b) Due to the giving or surrendering of property in any exchange or purchase; or
  - (c) 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.
- (3) The most we will pay for loss in any one occurrence is:
  - (a) \$10,000 - Inside the Premises for “money” and “securities” while:
    - (i) In or on the described premises; or
    - (ii) Within a bank or savings institution; and
  - (b) \$5,000 - Outside the Premises for “money” and “securities” while anywhere else.
- (4) All loss:
  - (a) Caused by one or more persons; or
  - (b) Involving a single act or series of related acts; is considered one occurrence.
- (5) You must keep records of all “money” and “securities” so we can verify the amount of any loss or damage.

**o. Money Orders And Counterfeit Money**

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

- (1) Money orders issued by any post office, express company or bank that are not paid upon presentation; or
- (2) “Counterfeit money” that is acquired during the regular course of business.

The most we will pay for any loss under this Additional Coverage is \$10,000.

**p. Off Premises Power Or Water Failure**

(1) We will pay for:

(a) Direct physical loss or damage to Covered Property caused by an interruption of electrical power or water supply services to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the following property not on the described premises:

- (i) Water mains, pipes, aqueducts and other similar means of transporting water or steam;
- (ii) Generating plants;
- (iii) Switching stations, substations or pumping stations;
- (iv) Transformers; and
- (v) Transmission lines, except for overhead transmission lines.

(b) The actual loss of Business Income and necessary Extra Expense you sustain as a result of a power or water services failure described in Paragraph (a) above.

(2) This Additional Coverage does not apply to the loss or damage:

- (a) To "perishable stock"; or
- (b) You incur during the first 12 consecutive hours after the direct loss or damage to utility supply equipment.

(3) The most we will pay under this Additional Coverage is \$10,000. The limit for this Additional Coverage is included in the Limit of Insurance of the Covered Property. This is not additional insurance.

**q. Ordinance Or Law**

(1) This Additional Coverage applies only to buildings insured on a replacement cost basis.

(2) If there is an ordinance or law in effect at the time of loss that regulates zoning, land use or construction of a covered building, and if enforcement of that ordinance or law affects the repair or rebuilding of that building following damage by a Covered Cause of Loss:

(a) We will pay:

- (i) The value of undamaged portions of the building if they must be demolished due to the enforcement of building ordinance or law;
- (ii) Costs to demolish and clear the site of those undamaged portions;
- (iii) Increased costs to:
  - i. Repair or reconstruct damaged portions of that building; and/or
  - ii. Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

when the increased cost is the consequence of enforcement of building, zoning or land use ordinance or law. However, this coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.

(iv) The actual loss of Business Income and Extra Expense you sustain solely because the building ordinance or law was enforced.

(b) The limit for this coverage is included in the building limit. The most we will pay for this Additional Coverage is \$50,000. This is not additional insurance.

(c) We will not pay more under Paragraphs (a)(i), (a)(ii) and (a)(iii) above than if the repaired or replaced building were rebuilt:

- (i) At the same location, as soon as reasonably possible;
- (ii) With the least expensive building materials and construction methods of comparable material and quality;
- (iii) In the same style and of the same size; and
- (iv) For the same type of occupancy as the one it replaces to the extent permitted by the law or ordinance.

(3) If you do not repair or replace the damaged building, we will pay only to demolish and clear the site of the undamaged portions of the building.

- (4) This Additional Coverage does not apply to the costs associated with 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 other way respond to or assess the effects of “pollutants”.

**r. Outdoor Signs**

- (1) We will pay for direct physical loss of or damage to all outdoor signs at the described premises:
- (a) Owned by you; or
  - (b) Owned by others but in your care, custody or control.
- (2) The Covered Causes of Loss and Exclusions applicable to **SECTION I - PROPERTY** do not apply to this Additional Coverage, except for the following exclusions:
- (a) **B.1.c. Governmental Action;**
  - (b) **B.1.d. Nuclear Hazard;** and
  - (c) **B.1.f. War and Military Action.**
- (3) We will not pay for loss or damage caused by or resulting from:
- (a) Wear and tear;
  - (b) Hidden or latent defect;
  - (c) Rust; or
  - (d) Corrosion.
- (4) The most we will pay for this Additional Coverage in any one occurrence is \$10,000. If additional coverage is purchased, the total Limit of Insurance will be the amount shown in the Declarations for Outdoor Signs.

**s. Pollutant Clean Up And Removal**

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

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

The most we will pay for each location under this Additional Coverage is \$15,000 for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

**t. Preservation Of Property**

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

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

The most we will pay under this Additional Coverage is the applicable Limit of Insurance. The limit for this Additional Coverage is included in the Limit of Insurance of the Covered Property. This is not additional insurance.

**u. Unauthorized Business Card Use**

We will pay for the loss of “money” resulting from theft, forgery or unauthorized use of credit, debit or charge cards issued in the business name to you, your partners or officers, including:

- (1) Fund transfer cards;
- (2) Charge plates; and
- (3) Telephone cards.

The most we will pay under this Additional Coverage during each 12 month period of this policy (including any extension of less than one year), is \$5,000.

We will not pay for loss resulting from the use of any credit, debit or charge card if not customarily used in your business.

**v. Water Damage, Other Liquids, Powder Or Molten Material Damage**

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material

occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

We will not pay the cost to repair any defect that caused the loss or damage; but we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

- (1) Results in discharge of any substance from an automatic fire protection system; or
- (2) Is directly caused by freezing.

The limit for this Additional Coverage is included in the Limit of Insurance of the Covered Property. This is not additional insurance.

**w. Employee Dishonesty**

- (1) We will pay for direct loss of or damage to Business Personal Property and "money" and "securities", resulting from dishonest acts committed by any of your employees acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:
  - (a) Cause you to sustain loss or damage; and also
  - (b) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
    - (i) Any employee; or
    - (ii) Any other person or organization.
- (2) We will not pay for loss or damage:
  - (a) Resulting from any dishonest or criminal act that you or any of your partners or "members" commit whether acting alone or in collusion with other persons.
  - (b) Resulting from any dishonest act committed by any of your employees (except as provided in Paragraph (1) above), "managers" or directors:
    - (i) Whether acting alone or in collusion with other persons; or
    - (ii) While performing services for you or otherwise.
  - (c) The only proof of which as to its existence or amount is:
    - (i) An inventory computation; or
    - (ii) A profit and loss computation.
- (3) The most we will pay under this Additional Coverage for loss or damage in any one occurrence is \$10,000. The Limit of Insurance may be increased by payment of an additional premium. If additional insurance is purchased, the total Limit of Insurance will be the amount shown on the Declarations.
- (4) All loss or damage:
  - (a) Caused by one or more persons; or
  - (b) Involving a single act or series of related acts; is considered one occurrence.
- (5) If any loss is covered:
  - (a) Partly by this insurance; and
  - (b) Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance. We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.
- (6) This Additional Coverage is cancelled as to any employee immediately upon discovery by:
  - (a) You; or
  - (b) Any of your partners, "members", "managers", officers or directors not in collusion with the employee;of any dishonest act committed by that employee before or after being hired by you.
- (7) We will pay only for covered loss or damage sustained during the policy period and discovered no later than one year from the end of the policy period.

- (8) If you (or any predecessor in interest) sustained loss or damage during the period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Additional Coverage, provided:
- (a) This Additional Coverage became effective at the time of cancellation or termination of the prior insurance; and
  - (b) The loss or damage would have been covered by this Additional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.
- (9) The insurance under Paragraph (8) above is part of, not in addition to, the Limit of Insurance applying to this Additional Coverage and is limited to the lesser of the amount recoverable under:
- (a) This Additional Coverage as of its effective date; or
  - (b) The prior insurance had it remained in effect.
- (10) With respect to this Additional Coverage, employee means:
- (a) Any natural person:
    - (i) While in your service or for 30 days after termination of service;
    - (ii) Who you compensate directly by salary, wages or commissions; and
    - (iii) Who you have the right to direct and control while performing services for you;
  - (b) Any natural person who is furnished temporarily to you:
    - (i) To substitute for a permanent employee as defined in Paragraph (a) above, who is on leave; or
    - (ii) To meet seasonal or short-term work load conditions;
  - (c) 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 (b) above.
  - (d) Any natural person who is a former employee, director, partner, "member", "manager", representative or trustee retained as a consultant while performing services for you; or
  - (e) 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 any building you occupy in conducting your business.
- But employee does not mean:
- (a) Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
  - (b) Any "manager", director or trustee except while performing acts coming within the usual duties of an employee.

**x. Laptop Computers – Worldwide Coverage**

We will pay up to \$5,000 in any one occurrence for direct physical loss or damage to your laptop, palmtop and similar portable computer equipment, cell phones, personal digital assistants (PDAs) and accessories anywhere in the world, including while in transit.

Limitation: We will not pay for direct physical loss or damage caused by, resulting from, arising out of the theft of this property which is in transit as checked baggage.

**6. Coverage Extensions**

In addition to the Limits of Insurance of **SECTION I - PROPERTY**, you may extend the insurance provided by this policy as provided below.

Except as otherwise provided, the following Coverage Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

**a. Accounts Receivable**

- (1) You may extend the insurance that applies to Business Personal Property to cover the following loss and expenses that are the direct result of physical loss or damage by a Covered Cause of Loss to records of accounts receivable.

We will pay:

- (a) All amounts due from your customers that you are unable to collect;



- (b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
  - (c) Collection expenses in excess of your normal collection expenses that are made necessary by loss or damage; and
  - (d) Other reasonable expenses that you incur to re-establish your records of Accounts Receivable.
- (2) The most we will pay for loss or damage in any one occurrence under this Coverage Extension is \$50,000 at each described premises. The Limit of Insurance may be increased by payment of an additional premium. If additional insurance is purchased, the total Limit of Insurance will be the amount shown on the Declarations.

For accounts receivable not at the described premises, the most we will pay is \$5,000.

- (3) Paragraph **B. Exclusions** in **SECTION I - PROPERTY** does not apply to this Coverage Extension except for:
- (a) Paragraph **B.1.c. Governmental Action**;
  - (b) Paragraph **B.1.d. Nuclear Hazard**;
  - (c) Paragraph **B.1.f. War and Military Action**;
  - (d) Paragraph **B.2.d. Dishonesty**;
  - (e) Paragraph **B.2.i. False Pretense**;
  - (f) Paragraph **B.3.**; and
  - (g) Paragraph **B.4. Accounts Receivable Exclusion**.

**b. Water Back-Up And Sump Overflow**

- (1) We will pay for direct physical loss or damage to Covered Property caused by or resulting from:
- (a) Water which backs up through or overflows from a sewer or drain; or
  - (b) Water which overflows from a sump, even if the overflow results from mechanical breakdown of a sump pump or its related equipment.

However, with respect to Paragraph (b) above, we will not pay the cost of repairing or replacing a sump pump or its related equipment in the event of mechanical breakdown.

- (2) The coverage described in Paragraph **b.(1)** of this **Coverage Extension – Water Back-Up And Sump Overflow** does not apply to loss or damage resulting from an insured's failure to:
- (a) Keep a sump pump or its related equipment in proper working condition; or
  - (b) Perform the routine maintenance or repair necessary to keep a sewer or drain free from obstructions.
- (3) The most we will pay under this coverage is \$25,000 each occurrence. The Limit of Insurance may be increased by payment of an additional premium. If additional insurance is purchased, the total Limit of Insurance will be the amount shown on the Declarations.

**c. Fine Arts**

You may extend the insurance that applies to Business Personal Property to cover the following:

- (1) We will pay for direct physical loss of or damage to:
- (a) Your fine arts that are not held for sale; and
  - (b) Fine arts of others that are in your care, custody or control but are not held for sale.
- (2) Fine arts are covered while:
- (a) In a premises described on the Declarations;
  - (b) In transit; or
  - (c) Off premises temporarily at a location not owned or operated by you for exhibition, framing, renovation, packing or appraising.
- (3) (a) Fine arts means paintings, etchings, pictures, tapestries, rare or art glass, art glass windows, valuable rugs, statuary, sculptures, antique furniture, antique jewelry, bric-a-brac, porcelains, and similar property of rarity, historical value or artistic merit. Antique means an object having value because its craftsmanship is in the style or fashion of former times, and age is 100 years old or older.

- (b) Fine arts does not mean:
  - (i) Automobiles – We do not cover automobiles or any self-propelled vehicles that are designed for highway use.
  - (ii) Coins and Stamps – We do not cover numismatic or philatelic objects or collections.
  - (iii) Contraband – We do not cover contraband or property in the course of illegal transportation or trade.
  - (iv) Furs – We do not cover furs or fur trimmed garments.
  - (v) Jewelry, Stones and Metals – We do not cover jewelry, precious or semi-precious stones, gold, silver, platinum, or other precious metals or alloys. However, this exclusion does not apply to antique jewelry.
  - (vi) “Money” and “Securities” – We do not cover accounts, bills, currency, food stamps, or other evidences of debt, lottery tickets not held for sale, “money”, notes, or “securities”.
  - (vii) Waterborne Property – We do not cover property while waterborne except while in transit in the custody of a carrier for hire.
- (4) The following are added to the other exclusions and limitations applicable to **SECTION I - PROPERTY**:
  - (a) Breakage, Marring and Scratching – We do not pay for loss caused by breakage, marring, or scratching of art glass windows, glassware, statuary, marble objects, bric-a-brac, porcelains, or similar fragile articles unless loss is a result of a “specified causes of loss”.
  - (b) Missing Property – We do not pay for missing property where the only proof of loss is unexplained or mysterious disappearance of Covered Property, or shortage of property discovered on taking inventory, or any other instance where there is no physical evidence to show what happened to the Covered Property. This exclusion does not apply to Covered Property in the custody of a carrier for hire.
  - (c) Processing and Work – We do not pay for loss caused by processing of or work upon the Covered Property including repairs or restoration.
- (5) The most we will pay for loss in any one occurrence under this coverage is \$25,000 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property. The amount payable under this Coverage Extension is additional insurance over the insurance available for Business Personal Property.
- (6) The value of fine arts will be the least of the following amounts:
  - (a) The actual cash value of that property;
  - (b) The cost of reasonably restoring that property to its condition immediately before loss; or
  - (c) The cost of replacing that property with substantially identical property.
- (7) In the event of loss, the value of property will be determined as of the time of loss.
- (8) The following are added to **E. Property Loss Conditions** of **SECTION I - PROPERTY**:
  - (a) In case of loss to any part of a pair or set, we will, at our option, either:
    - (i) Repair or replace any part to restore the pair or set to its value before the loss; or
    - (ii) Pay the difference between the values of the pair or set before and after the loss.
  - (b) You must arrange for fine arts to be packed and unpacked by competent packers.
- d. **Newly Acquired or Constructed Property**
  - (1) **Buildings**

If this policy covers Buildings, you may extend that insurance to apply to:

    - (a) Your new buildings while being built on the described premises; and
    - (b) Buildings you acquire at premises other than described in the Declarations, that are intended for:
      - (i) Similar use as the building(s) described in the Declarations; or
      - (ii) Used as a warehouse.

The most we will pay for loss or damage under this Coverage Extension is \$500,000 at each building.
  - (2) **Business Personal Property**

If this policy covers Business Personal Property, you may extend that insurance to apply to:

- (a) Business Personal Property, including such property that you newly acquire, at any location you acquire;
- (b) Business Personal Property, including such property that you newly acquire, located at your newly constructed or acquired building at the location described in the Declarations; or
- (c) Business Personal Property that you newly acquire at the described premises.

The most we will pay for loss or damage under this Coverage Extension is \$250,000 at each building.

**(3) Period Of Coverage**

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 30 days expire after you acquire or begin construction at that part of the building that would qualify as Covered Property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the premises or begin construction of that part of the building that would qualify as Covered Property.

**e. Outdoor Property**

You may extend the insurance provided by this policy to apply to your radio and television antennas (including satellite dishes), trees, shrubs and plants, including Debris Removal expense. Loss or damage must be caused by or result from any of the following causes of loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Vandalism;
- (5) Vehicle Damage;
- (6) Riot or Civil Commotion; or
- (7) Aircraft.

The most we will pay for loss or damage under this Coverage Extension is \$25,000, but not more than \$1,000 for any one tree, shrub or plant.

**f. Personal Effects**

You may extend the insurance that applies to Business Personal Property to apply to personal effects owned by you, your officers, your partners or "members", your "managers" or your employees. This extension does not apply to:

- (1) Tools or equipment used in your business; or
- (2) Loss or damage by theft.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises.

**g. Personal Property Off Premises (Including While In Transit)**

You may extend the insurance provided by this policy to apply to your Covered Property, other than "money" and "securities", "valuable papers and records", or accounts receivable while it is in course of transit or temporarily at a premises you do not own, lease or operate. The most we will pay for loss or damage under this Coverage Extension is \$25,000. The Limit of Insurance may be increased by payment of an additional premium. If additional insurance is purchased, the total Limit of Insurance will be the amount shown on the Declarations.

**h. Spoilage**

- (1) We will pay for loss or damage to Business Personal Property that is "perishable stock" within the described premises caused by:

- (a) Contamination by refrigerant; or
- (b) Change in temperature or humidity resulting from complete or partial interruption of electrical power due to conditions beyond your control.

The most we will pay for this Coverage Extension is \$15,000. If additional coverage is purchased, the total Limit of Insurance will be the amount shown on the Declarations.

- (2) We will not pay under this Coverage Extension for loss caused by or resulting from:

- (a) Disconnecting any refrigerating, cooling or humidity control system from its power source, except

when done to avoid or reduce another loss covered by this policy;

- (b) Deactivating electrical power due to the manipulation of any switch or other device used to control the flow of electrical current;
- (c) The inability of a utility company or other power source to provide sufficient power due to:
  - (i) Lack of fuel; or
  - (ii) Governmental order;
- (d) The inability of a power source at the described premises to provide sufficient power due to a lack of generating capacity to meet demand; or
- (e) Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

**i. Valuable Papers And Records**

- (1) You may extend the insurance that applies to Business Personal Property to apply to direct physical loss or damage to “valuable papers and records” that you own, or that are in your care, custody or control caused by or resulting from a Covered Cause of Loss. This Coverage Extension includes the cost to research, replace or restore the lost information on “valuable papers and records” for which duplicates do not exist.
- (2) This Coverage Extension does not apply to:
  - (a) Property held as samples or for delivery after sale; and
  - (b) Property in storage away from the premises shown in the Declarations.
- (3) The most we will pay under this Coverage Extension for loss or damage to “valuable papers and records” in any one occurrence at the described premises is \$25,000. If a higher Limit of Insurance for “valuable papers and records” is purchased, it will be shown in the Declarations.  
For “valuable papers and records” not at the described premises, the most we will pay is \$5,000.
- (4) Loss or damage to “valuable papers and records” will be valued at the cost of restoration or replacement of the lost or damaged information. To the extent that the contents of the “valuable papers and records” are not restored, the “valuable papers and records” will be valued at the cost of replacement with blank materials of substantially identical type.
- (5) Paragraph **B. Exclusions** in **SECTION I - PROPERTY** does not apply to this Coverage Extension except for:
  - (a) **B.1.c. Government Action;**
  - (b) **B.1.d. Nuclear Hazard;**
  - (c) **B.1.f. War and Military Action;**
  - (d) **B.2.d. Dishonesty;**
  - (e) **B.2.g. Errors Or Omissions;**
  - (f) **B.2.i. False Pretense;** and
  - (g) **B.3.**

**j. Claims Expenses**

In the event of covered loss or physical damage we will pay up to \$10,000 in any one occurrence as an additional Limit of Insurance to cover reasonable expenses incurred by you at our specific request to assist us in:

- (1) The investigation of a claim or suit; or
- (2) The determination of the amount of loss, such as taking inventory, or auditing business records.

**k. Brands and Labels**

If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause of Loss, we may take all or part of the property at an agreed or appraised value. If so, you may:

- (1) Stamp the word ‘Salvage’ on the merchandise or its containers, if the stamp will not physically damage the merchandise; or
- (2) Remove the brands and labels, if doing so will not physically damage the merchandise or its containers to comply with the law.

We will pay reasonable costs you incur to perform the activity described in Paragraphs 1. and 2. above. The most we will pay for these costs and the value of the damaged property under this Additional Coverage is \$25,000.

Payments under this Additional Coverage are subject to and not in addition to the Limits of Insurance.

## **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. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

### **a. Certain Computer Related Losses**

- (1) The failure, malfunction or inadequacy of:

- (a) Any of the following, whether belonging to any insured or to others:

- (i) "Computer" hardware, including microprocessors or other "electronic data" processing equipment as may be described elsewhere in this policy;
- (ii) "Computer" application software or other "electronic data" as may be described elsewhere in this policy;
- (iii) "Computer" operating systems and related software;
- (iv) "Computer" networks;
- (v) Microprocessors ("computer" chips) not part of any "computer" system; or
- (vi) Any other computerized or electronic equipment or components; or

- (b) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph (a) above;

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

- (2) Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph (1) above.

However, if excluded loss or damage, as described in Paragraph (1) above results in a "specified cause of loss" under **SECTION I - PROPERTY**, we will pay only for the loss or damage caused by such "specified cause of loss".

We will not pay for repair, replacement or modification of any items in Paragraph (1)(a) or (1)(b) to correct any deficiencies or change any features.

### **b. Earth Movement**

- (1) Earthquake, including any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- (4) Earth sinking (including sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite.

But if Earth Movement, as described in Paragraphs (1) through (4) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or volcanic action, we will pay for the loss or damage caused by that fire, building glass breakage or volcanic action.

Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

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

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 of or damage to Covered Property.

**c. Governmental Action**

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by 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 policy.

**d. Nuclear Hazard**

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

**e. Power Failure**

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

(1) Originates away from the described premises; or

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

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

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

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

This exclusion does not apply to loss or damage as specifically provided for in **Additional Coverage – Off Premises Power Or Water Failure**, the Service Interruption Coverage in **Additional Coverage – Equipment Breakdown**, or to “computer(s)” and “electronic data”.

**f. War and Military Action**

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

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

**g. Water**

(1) Flood, surface water, waves, (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);

(2) Mudslide or mudflow;

(3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;

With respect to the coverage specifically provided for in **Coverage Extension – Water Back-Up And Sump Overflow**, Paragraph (3) above does not apply.

(4) Water under the ground surface pressing on, or flowing or seeping through:

(a) Foundations, walls, floors or paved surfaces;

(b) Basements, whether paved or not; or

(c) Doors, windows or other openings; or

(5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5) is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment systems fails in whole or in part, for

any reason, to contain the water.

But if any of the above, in Paragraphs (1) through (5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

2. We will not pay for loss or damage caused by or resulting from any of the following:

**a. Collapse**

(1) Collapse, including any of the following conditions of property or any part of the property:

- (a) An abrupt falling down or caving in;
- (b) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
- (c) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to Paragraph a.(1)(a) or a.(1)(b).

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

(2) This Exclusion a., does not apply:

- (a) To the extent that coverage is provided under the **Additional Coverage – Collapse**; or
- (b) To collapse caused by one or more of the following:
  - (i) The “specified causes of loss”;
  - (ii) Breakage of building glass;
  - (iii) Weight of rain that collects on a roof; or
  - (iv) Weight of people or personal property.

**b. Consequential Losses**

Delay, loss of use or loss of market.

**c. Continuous Or Repeated Seepage Or Leakage Of Water**

Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

**d. Dishonesty**

Dishonest or criminal acts by you, anyone else with an interest in the property, or any of your or their partners, “members”, officers, “managers”, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

- (1) Acting alone or in collusion with others; or
- (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees; but theft by employees is not covered.

With respect to accounts receivable and “valuable papers and records”, this exclusion does not apply to carriers for hire.

This exclusion does not apply to **Additional Coverage – Employee Dishonesty**.

**e. Electrical Apparatus**

We will not pay for loss or damage caused by or resulting from any of the following:

- (1) Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:
  - (a) Electrical or electronic wire, device, appliance, system or network; or
  - (b) Device, appliance, system or network utilizing cellular or satellite technology.

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

- (a) Electrical current, including arcing;
- (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (c) Pulse of electromagnetic energy; or
- (d) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by fire.

This exclusion does not apply to loss or damage as specifically provided in **Additional Coverage – Equipment Breakdown**.

**f. Electrical Disturbance**

Electrical or magnetic injury, disturbance or erasure of “electronic data” except as provided for under the Additional Coverages of **SECTION I – PROPERTY**.

However, we will pay for direct loss or damage caused by lightning.

**g. Errors Or Omissions**

Errors or omissions in:

(1) Programming, processing or storing data, as described under “electronic data” or in any “computer” operations; or

(2) Processing or copying “valuable papers and records”.

However, we will pay for direct physical loss or damage caused by resulting fire or explosion if these causes of loss would be covered by this coverage form.

**h. Exposed Property**

Rain, snow, ice or sleet to personal property in the open.

**i. False Pretense**

Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

**j. Frozen Plumbing**

Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

(1) You do your best to maintain heat in the building or structure; or

(2) You drain the equipment and shut off the supply if the heat is not maintained.

**k. Installation, Testing, Repair**

Errors or deficiency in design, installation, testing, maintenance, modification or repair of your “computer” system including “electronic data”.

However, we will pay for direct physical loss or damage caused by resulting fire or explosion if these causes of loss would be covered by this coverage form.

**l. Neglect**

Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

**m. Other Types Of Loss**

(1) Wear and tear;

(2) Rust or other corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

(3) Smog;

(4) Settling, cracking, shrinking, or expansion;

(5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;

(6) The following causes of loss to personal property:

(a) Dampness or dryness of atmosphere;

(b) Changes in or extremes of temperature; or

(c) Marring or scratching;

(7) Mechanical breakdown, including rupture or bursting caused by centrifugal force.

This exclusion does not apply with respect to the breakdown of “computer(s)” or to loss or damage as specifically provided in **Additional Coverage – Equipment Breakdown**.

But if an excluded cause of loss that is listed in Paragraphs (1) through (7) above results in a “specified cause of loss” or building glass breakage, we will pay for the loss or damage caused by that “specified cause of loss” or building glass breakage.



**n. Pollution**

We will not pay for loss or damage caused by or resulting from the discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

**o. Smoke, Vapor, Gas**

Smoke, vapor or gas from agricultural smudging or industrial operations.

**p. Steam Apparatus**

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.

This exclusion does not apply with respect to loss or damage as specifically provided in **Additional Coverage – Equipment Breakdown**.

3. We will not pay for loss or damage caused by or resulting from any of the following Paragraphs **a.** through **c.** But if an excluded cause of loss that is listed in Paragraphs **a.** through **c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

**a. Acts Or Decisions**

Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

**b. Negligent Work**

Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compacting;
- (3) Materials used in repair, construction, renovation or remodeling; or
- (4) Maintenance;

of part or all of any property on or off the described premises.

**c. Weather Conditions**

Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph **B.1.** above to produce the loss or damage.

**4. Accounts Receivable Exclusion**

The following additional exclusion applies to the **Coverage Extension – Accounts Receivable**:

We will not pay for:

- a.** Loss or damage caused by or resulting from alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of "money", "securities" or other property.

This exclusion applies only to the extent of the wrongful giving, taking or withholding.

- b.** Loss or damage caused by or resulting from bookkeeping, accounting or billing errors or omissions.

- c.** Any loss or damage that requires any audit of records or any inventory computation to prove its factual existence.

**5. Business Income And Extra Expense Exclusions**

- a.** We will not pay for:

- (1) Any Extra Expense, or increase of Business Income loss, caused by or resulting from:

- (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
- (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations", we will cover such loss that affects your Business Income during the "period of restoration".

- (2) Any other consequential loss.

- b. With respect to the coverage provided in this exclusion, suspension means:
  - (1) The partial slowdown or complete cessation of your business activities; and
  - (2) That part or all of the described premises is rendered untenable, if coverage for Business Income applies.

#### 6. **Additional Exclusion**

The following provisions apply only to the specified property.

##### **Loss Or Damage To Products**

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

#### C. **Limits Of Insurance**

1. The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance of **SECTION I – PROPERTY** shown in the Declarations.
2. The limits applicable to the **Additional Coverages** and the **Coverage Extensions** are in addition to the Limits of Insurance of **SECTION I – PROPERTY** with the exception of the following:
  - a. **Collapse;**
  - b. **Debris Removal;**
  - c. **Equipment Breakdown;**
  - d. **Off Premises Power Or Water Failure;**
  - e. **Ordinance Or Law;**
  - f. **Preservation Of Property;**
  - g. **Water Damage, Other Liquids, Powder Or Molten Material Damage;** and
  - h. **Water Back-Up And Sump Overflow**

#### 3. **Building Limit – Automatic Increase**

The Limit of Insurance for Buildings will automatically increase by 4% annually.

The amount of increase will be:

- a. The Building limit that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Building limit, times
- b. 4% (.04), times
- c. The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Building limit, divided by 365. This increase shall only apply to the current policy in force at the time of loss and not to any previous policy terms.

Example:

If: The applicable Building limit is \$100,000. The annual percentage increase is 4%. The number of days since the beginning of the policy year (or last policy change) is 146.

The amount of increase is  $\$100,000 \times .04 \times 146 \div 365 = \$1,600$ .

#### 4. **Business Personal Property Limit - Seasonal Increase**

- a. The Limit of Insurance for Business Personal Property will automatically increase by 25% to provide for seasonal variations.
- b. This increase will apply only if the Limit of Insurance shown for Business Personal Property in the Declarations is at least 100% of your average monthly values during the lesser of:
  - (1) The 12 months immediately preceding the date the loss or damage occurs; or
  - (2) The period of time you have been in business as of the date the loss or damage occurs.

#### D. **Deductibles**

1. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable Limit of Insurance of **SECTION I - PROPERTY**.
2. No Deductible applies to the following **Additional Coverages**:

- a. **Arson Or Fraud Reward;**
- b. **Business Income;**
- c. **Business Income From Dependent Properties;**
- d. **Civil Authority;**
- e. **Extra Expense;**
- f. **Fire Department Service Charge; and**
- g. **Fire Extinguisher Recharge.**

#### **E. Property Loss Conditions**

##### **1. Abandonment**

There can be no abandonment of any property to us.

##### **2. 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 and notify the other of the appraiser selected within 20 days of such demand. The two appraisers will select an umpire. If they cannot agree within 15 days upon such umpire, 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.

##### **3. Duties In The Event Of Loss Or Damage**

- a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt written 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 Limits of Insurance of **SECTION I – PROPERTY**. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.  
Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (8) Cooperate with us in the investigation or settlement of the claim.
- (9) Resume all or part of your “operations” as quickly as possible.

- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

##### **4. Equipment Breakdown Conditions**

###### **a. Environmental, Safety and Efficiency Improvements**

If Covered Property requires replacement due to an “equipment breakdown”, we will pay your additional cost to replace with equipment that is better for the environment, safer or more efficient than the equipment being replaced. However, we will not pay more than 150% of what the cost would have been to repair or replace with like kind and quality. This condition does not increase any of the applicable limits. This condition does not apply to any property to which Actual Cash Value applies.

###### **b. Suspension Equipment Breakdown Coverage**

Whenever Covered Property is found to be in, or exposed to, a dangerous condition, any of our

representatives may immediately suspend the insurance to that Covered Property for the perils insured by this coverage. Coverage can be suspended and possibly reinstated by delivering or mailing a written notice of suspension / coverage reinstatement to:

- (1) Your last known address; or
- (2) The address where the property is located.

**c. Jurisdictional Inspections**

If any Covered Property requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf if due to an “equipment breakdown”. We do not warrant that conditions are safe or healthful.

**d. Green Environmental and Efficiency Improvements**

If Covered Property requires repair or replacement due to an “equipment breakdown”, we will pay:

- (1) The lesser of the reasonable and necessary additional cost incurred by you to repair or replace physically damaged Covered Property with equipment of like-kind and quality which qualifies as “green”. Like-kind and quality includes similar size and capacity.
- (2) The additional reasonable and necessary fees incurred by you an accredited professional certified by a “green authority” to participate in the repair or replacement of physically damaged Covered Property as “green”.
- (3) The additional reasonable and necessary cost incurred by you for certification or recertification of the repaired or replaced Covered Property as “green”.
- (4) The additional reasonable and necessary cost incurred by you for “green” in the removal, disposal or recycling of damaged Covered Property.
- (5) The business interruption loss during the additional time required for repair or replacement of Covered Property, consistent with “green”, in the coverages above.

We will not pay more than 150%, to a maximum limit of \$100,000, of what the cost would have been to repair or replace with equipment of like-kind and quality inclusive of fees, costs, and any business interruption loss incurred as stated above.

**Green Environment and Efficiency Improvements** does not cover any of the following:

- (1) Covered Property does not include stock, raw materials, finished goods, “production machinery”, merchandise, electronic data processing equipment not used in the functional support of the real property, process water, molds and dies, property in the open, property of others for which you are legally liable, or personal property of others.
- (2) Any loss adjusted on any valuation basis other than a repair or replacement basis as per the Valuation section of this policy.
- (3) Any loss covered under any other section of this policy.
- (4) Any cost incurred due to any law or ordinance with which you were legally obligated to comply prior to the time of the “equipment breakdown”.

**5. Legal Action Against Us**

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

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

**6. Loss Payment**

In the event of loss or damage covered by this policy:

- a. At our option, we will either:
  - (1) Pay the value of lost or damaged property;
  - (2) Pay the cost of repairing or replacing the lost or damaged property;
  - (3) Take all or any part of the property at an agreed or appraised value; or
  - (4) Repair, rebuild or replace the property with other property of like kind and quality.
- b. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- c. We will not pay you more than your financial interest in the Covered Property.
- d. Except as provided in Paragraphs (2) through (7) below, we will determine the value of Covered Property as follows:

- (1) At replacement cost (without deduction for depreciation), subject to the following:
  - (a) We will pay the cost to repair or replace, after application of the deductible and without deduction for depreciation, but not more than the least of the following amounts:
    - (i) The Limit of Insurance under **SECTION I – PROPERTY** that applies to the lost or damaged property;
    - (ii) The cost to replace, on the same premises, the lost or damaged property with other property:
      - i. Of comparable material and quality; and
      - ii. Used for the same purpose; or
    - (iii) The amount you actually spend that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost is limited to the cost which would have been incurred had the building been built at the original premises.
  - (b) You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.
  - (c) We will not pay on a replacement cost basis for any loss or damage:
    - (i) Until the lost or damaged property is actually repaired or replaced; and
    - (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.
- (2) If the Buildings Actual Cash Value option applies, as shown in the Declarations, Paragraph (1) above does not apply to Buildings. Instead, we will determine the value of Buildings at actual cash value. The cost to repair, rebuild or replace will not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- (3) The following property at actual cash value:
  - (a) Used or second-hand merchandise held in storage or for sale;
  - (b) Property of others if an item(s) is subject to a written contract which covers your liability for loss or damage to that item(s), then valuation will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable limit of insurance;
  - (c) Manuscripts; and
  - (d) Works of art, antiques or rare articles including etchings, pictures, statuary, marbles, bronzes, porcelains, bric-a-brac and sport memorabilia or collectibles.
- (4) Glass at the cost of replacement with safety glazing material if required by law.
- (5) Tenants' Improvements and Betterments at:
  - (a) Replacement cost if you make repairs promptly.
  - (b) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
    - (i) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
    - (ii) Divide the amount determined in (i) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
  - (c) Nothing if others pay for repairs or replacement.
- (6) Applicable only to Additional Coverages:
  - (a) "Money" at its face value; and
  - (b) "Securities" at their value at the close of business on the day the loss is discovered.
- (7) Applicable only to Accounts Receivable:
  - (a) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage:

- (i) We will determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and
  - (ii) We will adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.
- (b) The following will be deducted from the total amount of accounts receivable, however that amount is established:
  - (i) The amount of the accounts for which there is no loss or damage;
  - (ii) The amount of the accounts that you are able to re-establish or collect;
  - (iii) An amount to allow for probable bad debts that you are normally unable to collect; and
  - (iv) All unearned interest and service charges.
- e. Our payment for loss of or damage to personal property of others will only be for the account of the owners of the property. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, provided you have complied with all of the terms of this policy; and
  - (1) We have reached agreement with you on the amount of loss; or
  - (2) An appraisal award has been made.
- h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance 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.

## 7. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, you may retain the property. But then you must 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 Limits of Insurance of **SECTION I -PROPERTY**.

## 8. Resumption Of Operations

We will reduce the amount of your:

- a. Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or "stock") at the described premises or elsewhere.
- b. Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

## 9. Vacancy

### a. Description Of Terms

- (1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in Paragraphs (a) and (b) below:
  - (a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.
  - (b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:
    - (i) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or
    - (ii) Used by the building owner to conduct customary operations.

(2) Buildings under construction or renovation are not considered vacant.

**b. Vacancy Provisions**

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

(1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

(a) Vandalism;

(b) Sprinkler leakage that is a result of freezing unless you have protected the system against freezing;

(c) Building glass breakage;

(d) Water damage;

(e) Theft; or

(f) Attempted theft.

(2) With respect to Covered Causes of Loss other than those listed in Paragraphs (1)(a) through (1)(f) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

**F. Property General Conditions**

**1. 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 Form 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.

**2. Mortgageholders**

a. The term mortgageholder includes trustee.

b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.

c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.

d. If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

(1) Pays any premium due under this policy at our request if you have failed to do so;

(2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

(3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this policy will then apply directly to the mortgageholder.

e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this policy:

(1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

(2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

f. If we cancel this policy, we will give written notice to the mortgageholder at least:

(1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

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

g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

**3. No Benefit To Bailee**

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

#### **4. Policy Period, Coverage Territory**

Under **SECTION I - PROPERTY**:

- a. We cover loss or damage commencing:
  - (1) During the policy period shown in the Declarations; and
  - (2) Within the coverage territory or, with respect to property in transit, while it is between points in the coverage territory.
- b. The coverage territory is:
  - (1) The United States of America (including its territories and possessions);
  - (2) Puerto Rico; and
  - (3) Canada.

#### **G. Property Definitions**

- 1. "Cloud computing" means on-demand network access to a shared pool of computing resources via networks, servers, storage, applications and services provided by an organization with whom you have a contract with using the following service models: Software as a Service (SaaS), Platform as a Service (PaaS) and Infrastructure as a Service (IaaS) on the following deployment models: public cloud, community cloud, hybrid cloud and private cloud.
- 2. "Computer" means:
  - a. Programmable electronic equipment that is used to store, retrieve and process data; and
  - b. Associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as data transmission.

"Computer" does not include those used to operate production type machinery or equipment.
- 3. "Counterfeit Money" means an imitation of "money" that is intended to deceive and to be taken as genuine.
- 4. "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 connect to it, which enable the "computer" or device to receive, process, store, retrieve or send data.
- 5. "Electronic equipment" means devices which operate using many small electrical parts such as, but not limited to, microchips, transistors or circuits.
- 6. "Electronic equipment deficiency" means the quality or condition inside of "electronic equipment" which renders this equipment unexpectedly inoperable and which is operable again once a piece of "electronic equipment" has been replaced.

However, "electronic equipment deficiency" will not include replacement of "electronic equipment" for any condition that could have been resolved without replacement of the "electronic equipment" including but not limited to "computer equipment" maintenance or the reinstallation or incompatibility of software.
- 7. "Equipment Breakdown" as used herein means:
  - a. Physical loss or damage both originating within:
    - (1) Boilers, fired or unfired pressure vessels, vacuum vessels, and pressure piping, all normally subject to vacuum or internal pressure other than static pressure of contents, excluding:
      - (i) waste disposal piping;
      - (ii) any piping forming part of a fire protective system;
      - (iii) furnaces; and
      - (iv) any water piping other than:
        - i boiler feed water piping between the feed pump and the boiler;
        - ii boiler condensate return piping; or
        - iii water piping forming part of a refrigerating or air conditioning system used for cooling, humidifying or space heating purposes.
    - (2) All mechanical, electrical, "electronic equipment" or fiber optic equipment; and
  - b. Caused by, resulting from, or consisting of:



- (1) Mechanical breakdown;
- (2) Electrical or electronic breakdown and “electronic equipment deficiency”; or
- (3) Rupture, bursting, bulging, implosion, or steam explosion.

However, “equipment breakdown” will not mean:

- (1) Wear and Tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect, mold or any other quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by birds, rodents or other animals;
- (6) Any accident, loss, damage, cost, claim, or expense, whether preventative, remedial, or otherwise, directly or indirectly arising out of or relating to the recognition, interpretation, calculation, comparison, differentiation, sequencing, or processing of data by any computer system including any hardware, programs or software;
- (7) Scratching and marring.
- (8) Loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of the following causes of loss:

Fire, lightning, combustion explosion, windstorm or hail, weight or snow, ice or sleet, freezing, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water, water damage, earth movement or flood.

- 5. “Green” means products, materials, methods and processes certified by a “green authority” that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize environmental impact.
- 6. “Green Authority” means an authority on “green” buildings, products, materials, methods or processes certified and accepted by Leadership in Energy and Environmental Design (LEED®) “green” Building Initiative Green Globes® Energy Star Rating System or any other recognized “green” rating system.
- 7. “Manager” means a person serving in a directorial capacity for a limited liability company.
- 8. “Member” means an owner of a limited liability company represented by its membership interest, who also may serve as a “manager”.
- 9. “Money” means:
  - a. Currency, coins and bank notes in current use and having a face value; and
  - b. Travelers checks, register checks and money orders held for sale to the public.
- 10. “Operations” means your business activities occurring at the described premises.
- 11. “Period of Restoration”:
  - a. Means the period of time that:
    - (1) Begins:
      - (a) 72 hours after the time of direct physical loss or damage for Business Income Coverage; or
      - (b) Immediately after the time of direct physical loss or damage for Extra Expense Coverage; caused by or resulting from any Covered Cause of Loss at the described premises; and
    - (2) Ends on the earlier of:
      - (a) The date when the property at the described premises 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.
  - b. Does not include any increased period required due to the enforcement of 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”.

The expiration date of this policy will not cut short the “period of restoration”.

- 12. “Perishable goods” means stock preserved and maintained under controlled conditions and susceptible to loss

or damage if the controlled conditions change.

13. "Perishable stock" means property:
  - a. Maintained under controlled temperature or humidity conditions for preservation, and
  - b. Susceptible to loss or damage if the controlled temperature or humidity conditions change.
14. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
15. "Production Machinery" means any machine which processes, forms, shapes, or transports raw materials, materials in process, waste materials or finished products.
16. "Power quality" means the conditions that allow electrical systems or equipment to operate as intended by limiting voltage fluctuations and other power influences that would adversely affect the operational performance and/or reduce the reliability, or the life-span of the electrical system.
17. "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) 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".
18. "Specified Causes of Loss" means the following:

Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; falling objects; weight of snow, ice or sleet; water damage.

  - a. Falling objects does not include loss of or damage to:
    - (1) Personal property in the open; or
    - (2) The interior of a Building or structure, or property inside a Building or structure, unless the roof or an outside wall of the Building or structure is first damaged by a falling object.
  - b. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.
19. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.
20. "Unauthorized instruction" means a virus, harmful code or similar instruction introduced into or enacted on a computer system or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation.
21. "Valuable Papers and Records" means inscribed, printed or written:
  - a. Documents;
  - b. Manuscripts; and
  - c. Records;including abstracts, books, deeds, drawing, films, maps or mortgages.

But "valuable papers and records" does not mean "money" or "securities".

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## SECTION II – LIABILITY

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### A. Coverages

#### 1. Business Liability

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury", "property damage" or "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 "bodily injury", "property damage" or "personal and advertising injury", 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 Paragraph **D. Liability And Medical**

**Expenses Limits Of Insurance** in **SECTION II – LIABILITY**; 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 or medical expenses.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Paragraph **f. Coverage Extension - Supplementary Payments**.

**b.** This insurance applies:

- (1) To “bodily injury” and “property damage” only if:

- (a) The “bodily injury” or “property damage” is caused by an “occurrence” that takes place in the “coverage territory”;
- (b) The “bodily injury” or “property damage” occurs during the policy period; and
- (c) Prior to the policy period, no insured listed under Paragraph **C.1. 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 before the policy period.

- (2) 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.

**c.** “Bodily injury” or “property damage” which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph **C.1. Who Is An Insured**, or any “employee” authorized by you to give or receive notice of an “occurrence” or claim, includes any continuation, change or resumption of “bodily injury” or “property damage” after the end of the policy period.

**d.** “Bodily injury” or “property damage” will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph **C.1. Who Is An Insured** or any “employee” authorized by you to give or receive notice of an “occurrence” or claim:

- (1) Reports all, or any part, of the “bodily injury” or “property damage” to us or any other insurer;
- (2) Receives a written or verbal demand or claim for damages because of the “bodily injury” or “property damage”; or
- (3) Becomes aware by any other means that “bodily injury” or “property damage” has occurred or has begun to occur.

**e.** Damages because of “bodily injury” include damages claimed by any person or organization for care, loss of services or death resulting at any time from the “bodily injury”.

**f. Coverage Extension - Supplementary Payments**

- (1) We will pay, with respect to any claim we investigate or settle, or any “suit” against an insured we defend:

- (a) All expenses we incur.
- (b) Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Business Liability Coverage for “bodily injury” applies. We do not have to furnish these bonds.
- (c) 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.
- (d) All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or “suit”, including actual loss of earnings up to \$250 a day because of time off from work.
- (e) All costs taxed against the insured in the “suit”.
- (f) Prejudgment interest awarded against the insured 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.
- (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 our Limit of Insurance.

These payments will not reduce the limit of liability.

- (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:
    - (i) Agrees in writing to:
      - i. Cooperate with us in the investigation, settlement or defense of the "suit";
      - ii. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
      - iii. Notify any other insurer whose coverage is available to the indemnitee; and
      - iv. Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
    - (ii) Provides us with written authorization to:
      - i. Obtain records and other information related to the "suit"; and
      - ii. Conduct and control the defense of the indemnitee in such "suit".
- (3) So long as the conditions in Paragraph (2) 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 **B.1.b.(2)** Exclusions in **SECTION II - 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 (2)(f) above are no longer met.

**g. Additional Coverage - Non-Owned Auto Liability**

The insurance provided under **A.1. Business Liability**, Paragraphs a. through f. applies to "bodily injury" or "property damage" arising out of the use of a "non-owned auto" by any person in the course of your business.

The insurance provided by this **Additional Coverage – Non-Owned Auto Liability** is excess over any primary insurance covering the "non-owned auto".

**2. Medical Expenses**

- 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:
  - (4) The accident takes place in the "coverage territory" and during the policy period;
  - (5) The expenses are incurred and reported to us within one year of the date of the accident; and
  - (6) 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 Limits of Insurance of **SECTION II - LIABILITY**. 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.

## **B. Exclusions**

### **1. Applicable To Business Liability Coverage**

This insurance does not apply to:

#### **a. Abuse And Molestation**

"Bodily injury", "property damage" or "personal and advertising injury" arising out of:

- (1) The actual or threatened abuse or molestation by anyone of any person while in the care, custody or control of any insured; or
- (2) The negligent:
  - (a) Employment;
  - (b) Investigation;
  - (c) Supervision;
  - (d) Reporting to the proper authorities, or failure to so report; or
  - (e) Retention;
 of a person for whom any insured is or ever was legally responsible and whose conduct would be excluded by Paragraph (1) above.

We shall not have the duty to defend any claim or "suit" against the insured seeking damages on account of any such "bodily injury", "property damage" or "personal and advertising injury".

For the purposes of this exclusion, abuse means an act which is committed with the intent to cause harm.

#### **b. 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 allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
  - (a) Less than 26 feet long; and
  - (b) Not being used to carry persons or property for a charge.
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (5) "Bodily injury" or "property damage" arising out of:
  - (a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged; or
  - (b) The operation of any of the following machinery or equipment:
    - (i) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
    - (ii) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

#### **c. Asbestos**

"Bodily injury", "property damage" or "personal and advertising injury" arising out of the actual or alleged

presence or actual, alleged or threatened dispersal of asbestos, asbestos fibers or products containing asbestos, provided that the injury or damage is caused or contributed to by the hazardous properties of asbestos.

This includes:

- (1) Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with the above; and
- (2) Any obligation to share damages with or repay someone else who must pay damages because of such injury or damage.

**d. 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.

**e. Criminal Acts**

“Personal and advertising injury” arising out of a criminal act committed by or at the direction of the insured.

**f. 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.

**g. 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 contractor or subcontractor working directly or indirectly on your behalf is 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 7 or fewer consecutive days. A separate Limit of Insurance applies to Damage To Premises Rented To You as described in Paragraph **D. Liability And Medical Expenses Limit Of Insurance** in **SECTION II - LIABILITY**.

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.

Paragraph (3), (4), (5), and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to “property damage” included in the “products-completed operations hazard”.

**h. Damage To Your Product**

“Property damage” to “your product” arising out of it or any part of it.

**i. 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.

**j. Disease**

“Bodily injury” or “property damage” arising out of the transmission of the Acquired Immune Deficiency Syndrome (AIDS) virus or AIDS related complex by any insured.

**k. Distribution And Recording Of Material Or Information In Violation Of Law**

“Bodily injury”, “property damage” or “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, 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.

**l. Electronic Data**

Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

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.

**m. 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:

- (3) Whether the insured may be liable as an employer or in any other capacity; and
- (4) 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”.

**n. Employment-Related Practices**

- (1) “Bodily injury” or “personal and advertising injury” to:
  - (a) A person arising out of any:
    - (i) Refusal to employ that person;
    - (ii) Termination of that person’s employment; or
    - (iii) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

- (b) The spouse, child, parent, brother or sister of that person as a consequence of “bodily injury” or “personal and advertising injury” to that person at whom any of the employment-related practices described in Paragraphs (i), (ii) or (iii) above is directed.
- (2) This exclusion applies:
  - (a) Whether the insured may be liable as an employer or in any other capacity; and
  - (b) To any obligation to share damages with or repay someone else who must pay damages because of the injury.
- o. Expected Or Intended Injury**

“Bodily injury” or “property damage” expected or intended from the standpoint of the insured. This exclusion does not apply to “bodily injury” resulting from the use of reasonable force to protect persons or property.
- p. 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 only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.
- q. 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 or preparation for, a prearranged racing, speed or demolition contest or in any stunting activity.
- r. Personal And Advertising Injury**

“Personal and advertising injury”:

  - (1) Caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict “personal and advertising injury”;
  - (2) Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
  - (3) Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
  - (4) 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;
  - (5) Arising out of breach of contract, except an implied contract to use another’s advertising idea in your “advertisement”;
  - (6) Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your “advertisement”;
  - (7) Arising out of the wrong description of the price of goods, products or services stated in your “advertisement”;
  - (8) Committed by an insured whose business is:
    - (a) Advertising, broadcasting, publishing or telecasting;
    - (b) Designing or determining the content of web-sites for others; or
    - (c) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **16.a., b. and c.** of “personal and advertising injury” under Paragraph **F. Liability And Medical Expenses Definitions**.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, by itself, is not considered the business of advertising, broadcasting, publishing or telecasting.
  - (9) Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of “pollutants” at anytime;



(10) With respect to any loss, cost or expense arising out of any:

- (a) Request, demand or order 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".

(11) Arising out of an electronic chatroom or bulletin board the insured hosts, owns or over which the insured exercises control;

(12) Arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights.

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

(13) 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.

**s. Pollution**

(1) "Bodily injury" or "property damage" which would not have occurred in whole or part but for the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

This exclusion does not apply to:

- (a) "Bodily injury" if sustained within a building which is or was at any time owned or occupied by, rented or loaned to, any insured 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.
- (b) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire" unless that "hostile fire" occurred or originated:
  - (i) At 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; or
  - (ii) At 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 to test for, monitor, clean up, remove, contain, treat, detoxify, 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".

**t. Premises Not Described**

"Bodily injury", "property damage" or "personal and advertising injury" arising out of the ownership, maintenance or use of any other owned building premises or business operation not described in this policy.

**u. Professional Services**

"Bodily injury", "property damage" or "personal and advertising injury" caused by the rendering or failure to render any professional service. This includes but is not limited to:

- (1) Legal, accounting or advertising services;
- (2) Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;
- (3) Supervisory, inspection or engineering services;
- (4) Medical, surgical, dental, x-ray or nursing services treatment, advice or instruction;
- (5) Any health or therapeutic service treatment advice or instruction;
- (6) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement, or personal grooming;

- (7) Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;
- (8) Counseling services;
- (9) Using any appliance in connection with a sun lamp, tanning lamp or other irradiating device;
- (10) Body piercing services; and
- (11) Services in the practice of pharmacy.

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an 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 or failure to render of any professional service.

**v. 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.

**w. War**

"Bodily injury", "property damage" or "personal and advertising injury", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared 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 government authority in hindering or defending against any of these.

**x. Workers' Compensation And Similar Laws**

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

Exclusions **b. Aircraft, Auto Or Watercraft**; **f. Damage To Impaired Property Or Property Not Physically Injured**; **g. Damage To Property**; **h. Damage To Your Product**; **i. Damage To Your Work**; **m. Employer's Liability**; **p. Liquor Liability**; **q. Mobile Equipment**; **s. Pollution**; **v. Recall Of Products, Work Or Impaired Property**; **w. War**; and **x. Workers' Compensation And Similar Laws** do not apply to damage by fire to premises rented to you, or temporarily occupied by you with permission of the owner. A separate Damage To Premises Rented To You Limit of Insurance applies to this coverage as described in Paragraph **D. Liability And Medical Expenses Limits Of Insurance** in **SECTION II - LIABILITY**.

**2. Applicable To Non-Owned Auto Liability Coverage**

With regard to the insurance provided by the **Additional Coverage - Non-Owned Auto Liability** only, all exclusions listed as applicable to Business Liability Coverage are deleted with the exception of exclusions **d. Contractual Liability**; **o. Expected Or Intended Injury**; **s. Pollution**; **w. War**; **x. Workers' Compensation And Similar Laws**; and the Nuclear Energy Liability Exclusion.

The following exclusions are added:

**a. "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.

**b. This exclusion a. 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 injury.
- c. This exclusion a. does not apply to:
  - (1) Liability assumed by the insured under an "insured contract"; or
  - (2) "Bodily injury" to domestic "employees" not entitled to workers' compensation benefits.
- d. "Property damage" to:
  - (1) Property owned or being transported by, or rented or loaned to the insured; or
  - (2) Property in the care, custody or control of the insured.
- 3. Applicable To Medical Expenses Coverage**  
 We will not pay expenses for "bodily injury":
  - a. To any insured except "volunteer workers".
  - b. To a person hired to do work for or on behalf of any insured or a tenant of any insured.
  - c. To a person injured on that part of premises you own or rent that the person normally occupies.
  - d. 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. To a person injured while practicing, instructing or participating in any physical exercises or games, sports or athletic contests.
  - f. Included within the "products-completed operations hazard".
  - g. Excluded under Business Liability Coverage.
- 4. Applicable To Both Business Liability Coverage And Medical Expenses Coverage – Nuclear Energy Liability Exclusion**  
 This insurance does not apply:
  - a. Under Business 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 or Nuclear Insurance Association of Canada, 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 Medical Expenses 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 Business Liability Coverage, to "bodily injury" or "property damage" resulting from the "hazardous properties" of the "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.
  - d. As used in this exclusion:
    - (1) "By-product material", "source material", and "special nuclear material" have the meaning given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;

- (2) "Hazardous properties" include radioactive, toxic or explosive properties;
- (3) "Nuclear facility" means:
- (a) Any "nuclear reactor";
  - (b) Any equipment or device designed or used for:
    - (i) Separating the isotopes of uranium or plutonium;
    - (ii) Processing or utilizing "spent fuel", or
    - (iii) 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;
- (4) "Nuclear material" means "source material", "special nuclear material" or "by-product material";
- (5) "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;
- (6) "Property damage" includes all forms of radioactive contamination of property;
- (7) "Source material" has the meaning given to it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- (8) "Special nuclear material" has the meaning given to it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- (9) "Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor";
- (10) "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 Paragraphs (a) and (b) of the definition of "nuclear facility".

### **C. 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. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than your "executive officers" (if you are an organization other than a partnership, joint venture or a 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) or 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 or to the spouse, child, parent, brother or sister of that co-“employee” as a consequence of such “bodily injury” or “personal and advertising injury”, or for any obligation to share damages with or repay someone else who must pay damages because of the injury;
  - (b) To the spouse, child, parent, brother or sister of that co-“employee” as a consequence of Paragraph (a) above;
  - (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph (a) or (b); or
  - (d) Arising out of his or her providing or failing to provide professional health care services. However, if you have “employees” who are pharmacists in your retail druggist or drugstore operation, they are insureds with respect to their providing or failing to provide professional health care services.
- (2) “Property damage” to property:
- (a) Owned, occupied or used by,
  - (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by  
you, any of your “employees”, “volunteer workers”, any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
- b. Any person (other than your “employee” or “volunteer worker”), or any organization while acting as your real estate manager.
  - c. Any person or organization having proper temporary custody of your property if you die, but only:
    - (1) With respect to liability arising out of the maintenance or use of that property; and
    - (2) Until your legal representative has been appointed.
  - d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this policy.
- 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.
3. With regard to the insurance provided under **Additional Coverage - Non-Owned Auto Liability**, Paragraphs 1. and 2. above are replaced by the following:
- a. Each of the following is an insured to the extent set forth below:
    - (1) You;
    - (2) Any partner or “executive officer” of yours, but only while such “non-owned auto” is being used in your business;
    - (3) Any “employee” of yours, but only while such “non-owned auto” is being used in your business; and
    - (4) Any other person or organization, but only for their liability because of acts or omissions of an insured under (1), (2) or (3) above.
  - b. None of the following is an insured:
    - (1) Any person engaged in the business of his or her employer for “bodily injury” to any co-“employee” of such person injured in the course of employment, or to the spouse, child, parent, brother or sister of that co-“employee” as a consequence of such “bodily injury”, or for any obligation to share damages with or repay someone else who must pay damages because of the injury;
    - (2) Any partner or “executive officer” for any “auto” owned by such partner or officer or a member of his or her household;
    - (3) Any person while employed in or otherwise engaged in duties in connection with an “auto business”, other than an “auto business” you operate;
    - (4) The owner of a “non-owned auto” or any agent or “employee” of any such owner or lessee; or
    - (5) Any person or organization for 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.

#### **D. Liability And Medical Expenses Limits Of Insurance**

- 1. The Limits of Insurance of **SECTION II - LIABILITY** shown in the Declarations and the rules below fix the most we will pay regardless of the number of:

- a. Insureds;
  - b. Claims made or "suits" brought; or
  - c. Persons or organizations making claims or bringing "suits".
2. The most we will pay for the sum of all damages because of all:
- a. "Bodily injury", "property damage" and medical expenses arising out of any one "occurrence"; and
  - b. "Personal and advertising injury" sustained by any one person or organization;
- is the Liability and Medical Expenses limit shown in the Declarations. But the most we will pay for all medical expenses because of "bodily injury" sustained by any one person is the Medical Expenses limit shown in the Declarations.

**3. Damage To Premises Rented To You**

The most we will pay under Business Liability Coverage for damages because of "property damage" to a premises while rented to you or in the case of fire while rented to you or temporarily occupied by you with permission of the owner is the applicable Damage To Premises Rented To You limit shown for that premises in the Declarations. For a premises temporarily occupied by you, the applicable limit will be the Damage To Premises Rented To You limit shown in the Declarations.

**4. Aggregate Limits**

The most we will pay for:

- a. All "bodily injury" and "property damage" that is included in the "products-completed operations hazard" is twice the Liability and Medical Expenses limit.
- b. All:
  - (1) "Bodily injury" and "property damage" except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard";
  - (2) Plus medical expenses;
  - (3) Plus all "personal and advertising injury" caused by offenses committed;
 is twice the Liability and Medical Expenses limit.

Subject to Paragraph **a.** or **b.** above, whichever applies, the Damage To Premises Rented To You Limit is the most we will pay for damages because of "property damage" to any one premises, while rented to you, or in the case of fire, while rented to you or temporarily occupied by you with permission of the owner.

The Limits of Insurance of **SECTION II – LIABILITY**, 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.

**E. Liability And Medical Expenses General Conditions**

**1. Bankruptcy**

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this policy.

**2. Duties In The Event Of Occurrence, Offense, Claim Or Suit**

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim to which this insurance applies. To the extent possible, notice should include:
  - (1) How, when and where the "occurrence" or offense took place;
  - (2) The names and addresses of any injured persons and witnesses; and
  - (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.
- b. If a claim is made or "suit" is brought against any insured, you must:
  - (1) Immediately record the specifics of the claim or "suit" and the date received; and
  - (2) Notify us as soon as practicable.
 You must see to it that we receive written notice of the claim or "suit" as soon as practicable.
- c. You and any other involved insured must:
  - (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";

- (2) Authorize us to obtain records and other information;
  - (3) Cooperate with us in the investigation, 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 the insured because of injury or damage to which this insurance may also apply.
- d. No insured 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 policy:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this policy unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the 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. Separation Of Insureds

Except with respect to the Limits of Insurance of **SECTION II – LIABILITY**, and any rights or duties specifically assigned in this policy to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

## F. Liability And Medical Expenses Definitions

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
  - a. Notices that are published include material placed on the internet or on similar electronic means of communication; and
  - b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purpose of attracting customers or supporters is considered an "advertisement".
2. "Auto" means:
  - a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or
  - b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".
3. "Auto business" means the business or occupation of selling, repairing, servicing, storing or parking "autos".
4. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at anytime.
5. "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 injury or damage does not occur in the course of travel or transportation to or from any place not included in Paragraph a. above; or
  - c. All parts of the world if the injury or damage arises out of:
    - (1) Goods or products made or sold by you in the territory described in Paragraph a. above;
    - (2) The activities of a person whose home is in the territory described in Paragraph a. above, but is away for a short time on your business; or
    - (3) "Personal and advertising injury" offenses that take place through the internet or similar electronic means of communication;

provided the insured's responsibility to pay damages is determined in a "suit" on the merits in the territory described in Paragraph a. above or in a settlement we agree to.
6. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
7. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-

laws or any other similar governing document.

8. "Hostile Fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
9. "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:
    - c. The repair, replacement, adjustment or removal of "your product" or "your work"; or
    - d. Your fulfilling the terms of the contract or agreement.
10. "Insured contract" means:
  - a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
  - b. A sidetrack agreement;
  - c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
  - d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
  - e. An elevator maintenance agreement;
  - f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.  
Paragraph f. does not include that part of any contract or agreement:
    - (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road beds, tunnel, underpass or crossing;
    - (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
      - (a) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or
      - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
    - (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in Paragraph (2) above and supervisory, inspection or engineering services.
11. "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".
12. "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".
13. "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 on which are permanently mounted:
  - (1) Power cranes, shovels, loaders, diggers or drills; or
  - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e. Vehicles not described in Paragraph **a.**, **b.**, **c.** or **d.** above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
  - (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
  - (2) Cherry pickers and similar devices used to raise or lower workers;
- f. Vehicles not described in **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 land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where they are licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".

- 14. "Non-Owned Auto" means any "auto" you do not own, lease, hire, rent or borrow which is used in connection with your business. This includes "autos" owned by your "employees", your partners or your "executive officers", or members of their households, but only while used in your business or your personal affairs.
- 15. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
- 16. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:
  - a. False arrest, detention or imprisonment;
  - b. Malicious prosecution;
  - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
  - d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
  - e. Oral or written publication, in any manner, of material that violates a person's right of privacy;
  - f. The use of another's advertising idea in your "advertisement"; or
  - g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".
- 17. "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.
- 18. "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.

The "bodily injury" or "property damage" must occur away from premises you own or rent, unless your business includes the selling, handling or distribution of "your product" for consumption on premises you own or rent.

- 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; or

- (2) The existence of tools, uninstalled equipment or abandoned or unused materials.

**19. "Property damage" means:**

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as, 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.

**20. "Suit" means a civil proceeding in which damage because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies is 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 you submit with our consent.

**21. "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.**

**22. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.**

**23. "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.

**24. "Your work":**

- a. Means:

- (1) Work or operations performed by you or on your behalf; and

- (2) Materials, parts or equipment furnished in connection with such work or operations.

- b. Includes:
    - (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
    - (2) The providing of or failure to provide warnings or instructions.
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### **SECTION III – COMMON POLICY CONDITIONS (APPLICABLE TO SECTION I – PROPERTY AND SECTION II – LIABILITY)**

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#### **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. 5 days before the effective date of cancellation if any one of the following conditions exists at any building that is Covered Property in this policy:
    - (1) The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:
      - (a) Seasonal unoccupancy; or
      - (b) Buildings in the course of construction, renovation or addition.  
Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.
    - (2) After damage by a Covered Cause of Loss, permanent repairs to the building:
      - (a) Have not started, and
      - (b) Have not been contracted for,  
within 30 days of initial payment of loss.
    - (3) The building has:
      - (a) An outstanding order to vacate;
      - (b) An outstanding demolition order; or
      - (c) Been declared unsafe by governmental authority.
    - (4) 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.
    - (5) Failure to:
      - (a) Furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or
      - (b) 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.
  - b. 10 days before the effective date of cancellation if we cancel for nonpayment of premium.
  - c. 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. Concealment, Misrepresentation Or Fraud**

This policy is void in any case of fraud by you as it relates to this policy 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 policy;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this policy.

**D. 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.

**E. 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 related 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 and 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.

**F. 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.

**G. Liberalization**

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

**H. Other Insurance**

1. If there is other insurance covering the same loss or damage, 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 of **SECTION I - PROPERTY**.
2. Business Liability Coverage is excess over:
  - a. Any other insurance that insures for direct physical loss or damage; or
  - b. Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured by attachment of an endorsement.
3. When this insurance is excess, we will have no duty under Business Liability Coverage 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 right against all those other insurers.

**I. Premiums**

1. The first Named Insured shown in the Declarations:
  - a. Is responsible for the payment of all premiums; and
  - b. Will be the payee for any return payments we pay.
2. The premium shown in the Declarations was computed based on rates in effect at the time the policy was

issued. On each renewal, continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

3. With our consent, you may continue this policy in force by paying a continuation premium for each successive one-year period. The premium must be:

- a. Paid to us prior to the anniversary date; and
- b. Determined in accordance with Paragraph 2. above.

Our forms then in effect will apply. If you do not pay the continuation premium, this policy will expire on the first anniversary date that we have not received the premium.

4. Undeclared exposures or change in your business operation, acquisition or use of locations may occur during the policy period that are not shown in the Declarations. If so, we may require an additional premium. That premium will be determined in accordance with our rates and rules then in effect.

#### **J. Transfer Of Rights Of Recovery Against Others To Us**

1. Applicable to **SECTION I - PROPERTY** Coverage:

If any person or organization to or for whom we make payment under this policy 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 loss to your Covered Property.
- b. After a loss to your Covered Property only if, at time of loss, that party is one of the following:
  - (1) Someone insured by this insurance;
  - (2) A business firm:
    - (a) Owned or controlled by you; or
    - (b) That owns or controls you; or
  - (3) Your tenant.

You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers. This will not restrict your insurance.

2. Applicable to **SECTION II - LIABILITY** Coverage:

If the insured has rights to recover all or part of any payment we have made under this policy, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them. This condition does not apply to Medical Expenses Coverage.

#### **K. 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.

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

## **CYBER INCIDENT EXCLUSION**

This endorsement modifies insurance provided under the following:

COMMERCIAL ADVANTAGE POLICY

### **SECTION I PROPERTY**

#### **A. The following is added to Paragraph B. Exclusions**

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

##### **Cyber Incident**

1. Unauthorized access to or use of any computer system (including electronic data).
2. Malicious code, virus or any other harmful code that is directed at, enacted upon or introduced into any computer system (including electronic data) and is designed to access, alter, corrupt, damage, delete, destroy, disrupt, encrypt, exploit, use or prevent or restrict access to or the use of any part of any computer system (including electronic data) or otherwise disrupt its normal functioning or operation.
3. Denial of service attack which disrupts, prevents or restricts access to or use of any computer system, or otherwise disrupts its normal functioning or operation.

A cyber incident will not be considered to be vandalism.

#### **B. Exceptions And Limitations**

##### **1. Fire Or Explosion**

If a cyber incident as described in Paragraphs **A.1.** through **A.3.** of this exclusion results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

##### **2. Additional Coverage**

The exclusion in Paragraph **A.** does not apply to the extent that coverage is provided in the:

- a. Additional Coverage - Electronic Data; or
- b. Additional Coverage - Interruption Of Computer Operations;

3. The exclusion in Paragraph **A.** does not apply to loss or damage to electronic data which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

#### **C. Vandalism**

The following is added to Vandalism, if Vandalism coverage is not otherwise excluded and if applicable to the premises described in the Declarations:

Vandalism does not include a cyber incident as described in Paragraph **A.**

### **SECTION II - LIABILITY**

#### **D. Exclusion B.1.I. is replaced by the following:**

This insurance does not apply to:

##### **I. Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability**

- (1) Damages, other than damages because of "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; or
- (2) Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph **(1)** or **(2)** above.

As used in this exclusion, electronic data means information, facts or 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.

**E. The following is added to Paragraph B.1.r. Personal And Advertising Injury Exclusion:**

This insurance does not apply to "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.

Policy Number: 44-PB-000469270-11

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****CYBER LIABILITY AND DATA BREACH  
RESPONSE COVERAGE ENDORSEMENT****THIS ENDORSEMENT PROVIDES CLAIMS-MADE COVERAGE.  
PLEASE READ THE ENTIRE ENDORSEMENT CAREFULLY.**

This Endorsement modifies insurance provided under the following Coverage Form:

**COMMERCIAL ADVANTAGE POLICY (BUSINESSOWNERS)****COMMERCIAL GENERAL LIABILITY COVERAGE PART****NOTICE**

- EXCEPT TO SUCH EXTENT AS MAY OTHERWISE BE PROVIDED HEREIN, THE COVERAGES PROVIDED UNDER INSURING AGREEMENTS 1., 3., 4., AND 5. OF THIS COVERAGE ARE LIMITED TO LIABILITY FOR ONLY THOSE CLAIMS OR SUITS THAT ARE FIRST MADE AGAINST THE INSURED DURING THE CYBER LIABILITY AND DATA BREACH RESPONSE COVERAGE PERIOD AND REPORTED IN WRITING TO US PURSUANT TO THE TERMS HEREIN, VARIOUS PROVISIONS IN THIS COVERAGE RESTRICT COVERAGE. PLEASE READ THE ENTIRE COVERAGE CAREFULLY TO DETERMINE RIGHTS, DUTIES AND WHAT IS AND IS NOT COVERED.
- THE LIMIT OF LIABILITY AVAILABLE TO PAY JUDGMENTS OR SETTLEMENTS FOR COVERAGE PROVIDED UNDER INSURING AGREEMENTS 1., 3., 4., AND 5 UNDER THIS COVERAGE SHALL BE REDUCED BY AMOUNTS INCURRED FOR CLAIMS EXPENSES. AMOUNTS INCURRED FOR CLAIMS EXPENSES SHALL BE APPLIED AGAINST THE RETENTION AMOUNT.
- EXCEPT TO SUCH EXTENT AS MAY OTHERWISE BE PROVIDED HEREIN, THE COVERAGES PROVIDED UNDER INSURING AGREEMENTS 2., 6, 7., AND 8. OF THIS COVERAGE PROVIDE FIRST PARTY COVERAGE ON AN INCIDENT DISCOVERED AND REPORTED BASIS. COVERAGE UNDER INSURING AGREEMENTS 2., 6 7. AND 8. APPLIES ONLY TO INCIDENTS FIRST DISCOVERED BY THE INSURED AND REPORTED TO THE INSURER DURING THE POLICY PERIOD.

**SCHEDULE****Retroactive Date:** None**Cyber Liability and Data Breach Response Coverage Total Premium:****\$128****Insuring Agreements and Limits of Liability:****Policy Aggregate Limit of Liability****\$50,000**

Aggregate for all "loss" combined, including "damages", "penalties", "PCI fines, expenses and costs", "cyber extortion loss", "data protection loss", and "business interruption loss" and "claims expenses".

**Cyber Liability Aggregate Sublimits of Liability:**Information Security & Privacy Liability  
(Insuring Agreement 1.)**\$50,000**

Aggregate for all "loss" arising from "damages" including "claims expenses".

Regulatory Defense and Penalties  
(Insuring Agreement 3.)**\$10,000**

Aggregate for all "loss" arising from "penalties" including "claims expenses"



<b>Cyber Liability Aggregate Sublimits of Liability (Continued):</b>		
Website Media Content Liability (Insuring Agreement 4.)	\$50,000	Aggregate for all "loss" arising from "damages" including "claims expenses"
PCI Fines, Expenses, and Costs (Insuring Agreement 5.)	\$5,000	Aggregate for "loss" arising from "PCI Fines, Expenses, and Costs" including "claims expenses"
Cyber Extortion (Insuring Agreement 6.)	\$10,000	Aggregate for "loss" arising from "cyber extortion loss"
First Party Data Protection (Insuring Agreement 7.)	\$10,000	Aggregate for "loss" arising from "data protection loss"
First Party Network Business Interruption (Insuring Agreement 8.)	\$10,000	Aggregate for "loss" arising from "business interruption loss"
<b>Limits Of Coverage For Privacy Breach Response Services (Insuring Agreement 2.):</b>		Coverage for all "Privacy Breach Response Services" is separate from and in addition to the "Policy Aggregate Limit of Liability"
Notification Services, Call Center Services, and Breach Resolution and Mitigation Services	5,000	"Notified Individuals" in the Aggregate
Aggregate Limit of Coverage for all "Computer Expert Services", "Legal Services", and "Public Relations and Crisis Management Expenses"	\$25,000	Aggregate for all "computer expert services", "legal services", and "public relations and crisis management expenses" combined
<b>Retentions:</b>		
<b>Cyber Liability and Data Breach Response</b> (Insuring Agreement 1., 3., 4. and 5. )		
Retention	None	Each claim
<b>Cyber Liability and Data Breach Response</b> (Insuring Agreement 6., 7. and 8.)		
Retention	\$2,500	Each Incident
<b>Privacy Breach Response Services and Retention</b> (Insuring Agreement 2.)		
"Computer Expert Services", "Legal Services", and "Public Relations and Crisis Management Expenses"	\$0	Each incident
"Notified Individuals"	0 "Notified Individuals"	Each incident
<b>Waiting Period / Retention</b> (Insuring Agreement 8.)		One retention per incident must be satisfied, whichever is greater.
"Income Loss" / "Extra Expense" Retention	\$2,500	
"Waiting Period"	12 Hours	

**Insuring Agreements 1., 3., 4., and 5. of this Endorsement provide coverage on a claims made and reported basis and apply only to “claims” first made and reported to us during the “policy period” or the optional extension period, if applicable. Amounts incurred as “claims expenses” under this policy shall reduce and may exhaust the limit of liability.**

**Insuring Agreements 2., 6., 7., and 8. of this Endorsement provide first party coverage and apply only to incidents discovered and reported to us during the “policy period”.**

This Cyber Liability and Data Breach Response Coverage Endorsement is being added to the Policy Coverage Form\_ and the terms and conditions of this Endorsement govern the scope of coverage and your and our duties.

Throughout this Endorsement, the words “you” and “your” refer to the “named insured(s)” shown in the Schedule and any other person(s) or organization(s) qualifying as a “named insured” under this Endorsement. The words “we”, “us” and “our” refer to the company providing this coverage. The word “insured” means any person or organization qualifying as such under **SECTION III- WHO IS AN INSURED**.

This Endorsement amends the Policy to provide cyber liability and data breach response coverage on a claims made and reported or incidents discovered and reported basis. Various provisions in this Endorsement restrict coverage. Read the entire Endorsement carefully to determine your rights and duties and what is and is not covered. The terms, conditions, exclusions, and limits of liability set forth in this Endorsement apply only to the coverage provided by this Endorsement.

Words and phrases that appear in quotation marks have special meaning. Refer to **SECTION XI – DEFINITIONS**. To the extent any words or phrases used in this Endorsement are defined elsewhere in the Policy, such definitions provided elsewhere do not apply to give meaning to the words or phrases used in this Endorsement.

The terms and conditions of the Cancellation Condition of the Policy Coverage Form and any amendment to such terms are incorporated herein and shall apply to coverage as is afforded by this Endorsement, unless specifically stated otherwise in an endorsement(s) attached hereto.

## **SECTION I – INSURING AGREEMENTS**

Coverage is provided under the following insuring agreements for which a policy aggregate limit of liability is shown in the Schedule:

### **1. Information Security and Privacy Liability**

We will pay on behalf of the insured, “damages” and “claims expenses” which the insured shall become legally obligated to pay because of any “claim”, including a “claim” for a violation of a “privacy law”, first made against any insured during the “policy period” or optional extension period, if applicable, and reported in writing to us during the “policy period” or as otherwise provided in **SECTION VIII – NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM** for:

- a. theft, loss, or “unauthorized disclosure” of “personally identifiable information” or “third party information” that is in the care, custody or control of the “insured organization”, or a third party for whose theft, loss or “unauthorized disclosure” of “personally identifiable information” or “third party information” the “insured organization” is legally liable (a third party shall include a business associate as defined by the Health Insurance Portability and Accountability Act (HIPAA));
- b. one or more of the following acts or incidents that directly result from a failure of “computer security” to prevent a “security breach”:

- i. the alteration, corruption, destruction, deletion, or damage to data stored on “computer systems”;
- ii. the failure to prevent transmission of “malicious code” from “computer systems” to computer or network systems that are not owned, operated or controlled by an insured; or
- iii. the participation by the “insured organization’s” “computer systems” in a “denial of service attack” directed against a computer or network systems that are not owned, operated or controlled by an insured;
- c. the “insured organization’s” failure to timely disclose an incident described in paragraphs a. or b. of this section in violation of any “breach notice law”;
- d. failure by the insured to comply with that part of a “privacy policy” that specifically:
  - i. prohibits or restricts the “insured organization’s” disclosure, sharing or selling of a person’s “personally identifiable information”;
  - ii. requires the “insured organization” to provide access to “personally identifiable information” or to correct incomplete or inaccurate “personally identifiable information” after a request is made by a person; or
  - iii. mandates procedures and requirements to prevent the loss of “personally identifiable information”;

provided the “insured organization” must, at the

time of such acts, errors or omissions, have in force a “privacy policy” that addresses those subsections d.i.-d.iii. above that are relevant to such “claim”;

- e. failure by the insured to administer:
  - i. an identity theft prevention program as required by regulations and guidelines promulgated pursuant to 15 U.S.C. §1681m(e), as amended, or
  - ii. an information disposal program required by regulations and guidelines promulgated pursuant to 15 U.S.C §1681w, as amended.

## 2. Privacy Breach Response Services

We will provide privacy breach response services to the “insured organization” because of an incident, or a reasonably suspected incident, described in paragraphs a. or b. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability**, that takes place, is discovered and is reported in writing to us during the “policy period” or as otherwise provided in **SECTION VIII – NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**.

Privacy breach response services means the following:

- a. “computer expert services”;
- b. “legal services”;
- c. “public relations and crisis management expenses”;

paragraphs a.-c. are subject to a monetary limit as noted in the Schedule;

- d. “notification services” to provide notification to:
  - i. individuals who are required to be notified by the “insured organization” under the applicable “breach notice law”; or
  - ii. in our discretion, individuals affected by an incident in which their “personally identifiable information” has been subject to theft, loss, or “unauthorized disclosure” in a manner which compromises the security or privacy of such individual by posing a significant risk of financial, reputational or other harm to the individual;
- e. “call center services”;
- f. “breach resolution and mitigation services”;

paragraphs d.-f. are subject to a maximum notified individual limit noted in the Schedule.

## 3. Regulatory Defense and Penalties

We will pay on behalf of the insured, “claims expenses” and “penalties” which the insured shall become legally obligated to pay because of any “claim” in the form of a “regulatory proceeding” first made against any insured during the “policy period”

or the optional extension period, if applicable, and reported in writing to us during the “policy period”, or as otherwise provided in **SECTION VIII – NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**, for a violation of a “privacy law” and caused by an incident described in paragraphs a., b. or c. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability**.

## 4. Website Media Content Liability

We will pay on behalf of the insured, “damages” and “claims expenses” which the insured becomes legally obligated to pay because of a “claim” first made against any insured during the “policy period” or the optional extension period, if applicable, and reported in writing to us during the “policy period”, or as otherwise provided in **SECTION VIII – NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**, that arises out of one or more of the following acts committed in the course of the “insured organization’s” display of “media material” on its website or on social media web pages created and maintained by or on behalf of the “insured organization”:

- a. defamation, libel, slander, trade libel, infliction of emotional distress, outrage, outrageous conduct, or other tort related to disparagement or harm to the reputation or character of any person or organization;
- b. a violation of the rights of privacy of an individual, including false light and public disclosure of private facts;
- c. invasion of or interference with an individual’s right of publicity, including commercial appropriation of name, persona, voice or likeness;
- d. plagiarism, piracy or misappropriation of ideas under implied contract;
- e. infringement of copyright;
- f. infringement of domain name, trademark, trade name, trade dress, logo, title, metatag, slogan, service mark, service name; or
- g. improper deep-linking or framing within electronic content.

## 5. PCI Fines, Expenses and Costs

We will indemnify the insured for “PCI fines, expenses, and costs” which the insured shall become legally obligated to pay because of a “claim” first made against any insured during the “policy period” or optional extension period, if applicable, and reported in writing to us during the “policy period” or as otherwise provided in **SECTION VIII – NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**. We have no duty to defend any “claim” or to pay any “claims expenses” associated with a “claim”

under this section.

## 6. Cyber Extortion

We will indemnify the “named insured” for “cyber extortion loss”, in excess of the retention, incurred by the “insured organization” as a direct result of an “extortion threat” first made against the “insured organization” during the “policy period” and reported in writing to us during the “policy period” or as otherwise provided **SECTION VIII – NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**. We will not pay for “cyber extortion loss” which is part of a series of related threats that began prior to the “policy period”.

## 7. First Party Data Protection

We will indemnify the insured for “data protection loss”, in excess of the retention, which the insured pays as a direct result of one or more of the following:

- a. alteration, corruption, destruction, deletion or damage to a “data asset”, or
- b. inability to access a “data asset”

that is directly caused by a failure of “computer security” to prevent a “security breach”, provided such “security breach” is discovered and reported in writing to us during the “policy period” or as otherwise provided in **SECTION VIII – NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**. A “data protection loss” will be deemed to occur at the time such alteration, corruption, destruction, deletion or damage to or inability to access a “data asset” is first discovered by the insured.

## 8. First Party Network Business Interruption

We will indemnify the insured for “business interruption loss”, in excess of the retention, incurred by the insured during the “period of restoration” or the “extended interruption period”, if applicable, as a direct result of the actual and necessary interruption or suspension of “computer systems” that first takes place during the “policy period” and is directly caused by a failure of “computer security” to prevent a “security breach”, provided such “security breach” is discovered and reported in writing to us during the “policy period” or as otherwise provided in **SECTION VIII – NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**.

## SECTION II – DEFENSE AND SETTLEMENT OF CLAIMS

### 1. We shall have the right and duty to defend:

- a. any “claim” against the insured seeking “damages” even if any of the allegations of the “claim” are groundless, false or fraudulent; or

- b. under **SECTION I – INSURING AGREEMENTS, 3. Regulatory Defense and Penalties**, any “claim” in the form of a “regulatory proceeding”.

Selection of defense counsel shall be mutually agreed upon between the “named insured” and us; however, in the absence of such agreement, our decision shall be final.

2. With respect to any “claim” against the insured seeking “damages” or “penalties” which are payable under this Endorsement, we will pay “claims expenses” incurred with our prior written consent. The limit of liability available to pay “damages” and “penalties” shall be reduced and may be completely exhausted by payment of “claims expenses”.
3. If the insured refuses to consent to any settlement or compromise recommended by us and acceptable to the claimant and elects to contest the “claim”, our liability for any “damages”, “penalties”, and/or “claims expenses” shall not exceed the lesser of:
  - a. the amount for which the “claim” could have been settled, plus the “claims expenses” incurred up to the time of such refusal; or
  - b. the applicable limit of liability, whichever is less, and we shall have the right to withdraw from further defense by tendering control of said defense to the insured. The portion of any proposed settlement or compromise that requires the insured to cease, limit or refrain from actual or alleged infringement or otherwise injurious activity or is attributable to future royalties or other amounts that are not “damages” (or “penalties”) for “claims” covered under **SECTION I – INSURING AGREEMENTS, 3. Regulatory Defense and Penalties**) shall not be considered in determining the amount for which a “claim” could have been settled.

## SECTION III – WHO IS AN INSURED

Whether expressed in the singular or plural, insured shall mean:

1. The “named insured” and any “subsidiaries” of the “named insured” (together the “insured organization”);
2. A director, manager of a limited liability company (“manager”) or officer of the “insured organization”, but only with respect to the performance of their duties as such on behalf of the “insured organization”;
3. An “employee” of the “insured organization”, but only for work done while acting within the scope of their employment and related to the conduct of the “insured organization’s” business;
4. A principal if the “named insured” is a sole proprietorship, or a partner if the “named insured” is a partnership, but only with respect to the performance of their duties as such on behalf of the “insured organization”;

5. Any person previously qualified as an insured under paragraphs 2., 3. or 4. of this section prior to the termination of the required relationship with the “insured organization”, but only with respect to the performance of their duties as such on behalf of the “insured organization”;
6. The estate, heirs, executors, administrators, assigns and legal representatives of any insured in the event of such insured's death, incapacity, insolvency or bankruptcy, but only to the extent that such insured would otherwise be provided coverage under this Endorsement; and
7. The lawful spouse, or a domestic partner, of any insured, but solely by reason of any act, error or omission of an insured other than such spouse or domestic partner.

#### SECTION IV – EXCLUSIONS

This coverage does not apply to any “claim” or “loss”:

1. For, arising out of or resulting from:
  - a. physical injury, sickness, disease or death of any person, including any mental anguish or emotional distress resulting from such physical injury, sickness, disease or death; or
  - b. physical injury to or destruction of any tangible property, including the loss of use thereof; provided that electronic data shall not be considered tangible property for purposes of this exclusion;
2. For, arising out of or resulting from any employer-“employee” relations, policies, practices, acts or omissions, or any actual or alleged refusal to employ any person, or misconduct with respect to “employees”, whether such “claim” is brought by an “employee”, former “employee”, applicant for employment, or relative or domestic partner of such person; provided, that this exclusion shall not apply to an otherwise covered “claim” under paragraph a. or b. under **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability** by a current or former “employee” of the “insured organization”, or to the providing of privacy breach response services involving current or former “employees” of the “insured organization”;
3. For, arising out of or resulting from any actual or alleged act, error or omission or breach of duty by any director, officer or “manager” in the discharge of their duty if the “claim” is brought by or on behalf of the “named insured”, a “subsidiary”, or any principals, directors, officers, “managers”, stockholders, members or “employees” of the “named insured” or a “subsidiary” in his or her capacity as such;
4. For, arising out of or resulting from any contractual liability or obligation or arising out of or resulting from breach of contract or agreement, either oral or written; however, this exclusion will not apply:
  - a. with respect only to the coverage provided pursuant to paragraph a. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability**, to any obligation of the “insured organization” to maintain the confidentiality or security of “personally identifiable information” or of “third party information”;
  - b. with respect only to paragraph d. of **SECTION I – INSURING AGREEMENTS, 4. Website Media Content Liability**, for misappropriation of ideas under implied contract;
  - c. to “computer expert services” or “legal services” covered under **SECTION I – INSURING AGREEMENTS, 2. Privacy Breach Response Services**;
  - d. to “PCI fines, expenses & costs” covered under **SECTION I – INSURING AGREEMENTS, 5. PCI Fines, Expenses and Costs**, or
  - e. to the extent the insured would have been liable in the absence of such contract or agreement;
5. For, arising out of or resulting from any actual or alleged antitrust violation, restraint of trade, unfair competition, or false, deceptive or misleading advertising or violation of the Sherman Antitrust Act, the Clayton Act, or the Robinson-Patman Act, as amended;
6. For, arising out of or resulting from any actual or alleged false, deceptive or unfair trade practices; however, this exclusion does not apply to:
  - a. any “claim” covered under paragraphs a., b. or c. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability** or **SECTION I – INSURING AGREEMENTS, 3. Regulatory Defense and Penalties**; or
  - b. the provision of privacy breach response services covered under **SECTION I – INSURING AGREEMENTS, 2. Privacy Breach Response Services**; that results from a theft, loss or “unauthorized disclosure” of “personally identifiable information” provided that no member of the “control group” participated or colluded in such theft, loss or “unauthorized disclosure”;
7. For, arising out of or resulting from:
  - a. the actual or alleged unlawful collection, acquisition or retention of “personally identifiable information” (except as otherwise covered under paragraph e. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability**) or other personal information by, on behalf of, or with the consent or cooperation of the “insured organization”; or the failure to comply with a legal requirement to provide individuals with the ability to assent to or withhold assent (e.g. opt-in or opt-out) from the collection, disclosure or use of “personally identifiable information”; provided that this exclusion shall not apply to the actual or alleged unlawful collection,

acquisition or retention of “personally identifiable information” by a person or entity that is not a “related party” and without the knowledge of the “insured organization”; or

- b. the distribution of unsolicited email, text messages, direct mail, or facsimiles, wiretapping, audio or video recording, or telemarketing, if such distribution, wiretapping or recording is done by or on behalf of the “insured organization”;
8. For, arising out of or resulting from
- a. that which was the subject of written notice given to us or to any other insurer prior to the initial inception date of this coverage; or
  - b. which was the subject of any prior and/or pending written demand made against any insured or a civil administrative or arbitration proceeding commenced against any insured, prior to the initial inception date of this coverage, or that involved the same or substantially the same fact, circumstance or situation underlying or alleged in such prior demand or proceeding;
9. For, arising out of or resulting from any of the following:
- a. any actual or alleged violation of the Organized Crime Control Act of 1970 (commonly known as Racketeer Influenced and Corrupt Organizations Act or RICO), as amended;
  - b. any actual or alleged violation of any securities law, regulation or legislation, including but not limited to the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Act of 1940, the Sarbanes-Oxley Act of 2002 or any “Blue Sky” laws;
  - c. any actual or alleged acts, errors or omissions related to any of the “insured organization’s” pension, healthcare, welfare, profit sharing, mutual or investment plans, funds of trusts, including any violation of any provision of the Employee Retirement Income Security Act of 1974 (ERISA);
  - d. any actual or alleged violation of a regulation promulgated under any of the laws described in paragraphs a., b. or c. above; or
  - e. any actual or alleged violation of a federal, state, local or foreign laws or legislation similar to the laws described in paragraphs a. b. or c. above;

however, this exclusion does not apply to any otherwise covered “claim” under paragraph a., b. or c. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability** or to providing privacy breach response services covered under **SECTION I – INSURING AGREEMENTS, 2. Privacy Breach Response Services**, that results from a theft, loss or “unauthorized disclosure” of “personally identifiable information”, provided that no member of the “control group” participated or colluded in such theft, loss or “unauthorized disclosure”;

10. For, arising out of or resulting from any actual or alleged acts, errors, or omissions related to any of the “insured organization’s” pension, healthcare, welfare, profit sharing, mutual or investment plans, funds or trusts, including any violation of any provision of the Employee Retirement Income Security Act of 1974 (ERISA) or any similar federal law or legislation, or similar law or legislation of any state, province or other jurisdiction, or any amendment to ERISA or any violation of any regulation, ruling or order issued pursuant to ERISA or such similar laws or legislation; however this exclusion does not apply to any otherwise covered “claim” under paragraph a. b. or c. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability** or to the providing of privacy breach response services under **SECTION I – INSURING AGREEMENTS, 2. Privacy Breach Response Services**, that results from a theft, loss or “unauthorized disclosure” of “personally identifiable information”, provided that no member of the “control group” participated, or is alleged to have participated or colluded, in such theft, loss or “unauthorized disclosure”;

11. Arising out of or resulting from any criminal, dishonest, fraudulent, or malicious act, error or omission, any intentional “security breach”, intentional violation of a “privacy policy”, or intentional or knowing violation of the law, if committed by such insured, or by others if the insured colluded or participated in any such conduct or activity; provided this exclusion shall not apply to:

- a. “claims expenses” incurred in defending any “claim” alleging the foregoing until such time as there is a final non-appealable adjudication, judgment, binding arbitration decision or conviction against the insured, or written admission by the insured, establishing such conduct, or a plea of nolo contendere or no contest regarding such conduct, at which time the “named insured” shall reimburse us for all “claims expenses” incurred defending the “claim” and we shall have no further liability for “claims expenses; or
- b. a “claim” or “loss” against a natural person insured if such insured did not personally commit, participate in or know about any act, error, omission, incident or event giving rise to such “claim” or “loss”.

For purposes of this exclusion, only acts, errors, omissions or knowledge of a member of the “control group” will be imputed to the “insured organization”.

12. For, arising out of or resulting from any actual or alleged:
- a. infringement of patent or patent rights or misuse or abuse of patent or patent rights;
  - b. infringement of copyright arising from or related to software code or software products other than infringement resulting from a theft or “unautho-

- alized access or use" of software code by a person who is not a "related party";
- c. use or misappropriation of any ideas, trade secrets or third party corporate information by, or on behalf of, the "insured organization", or by any other person or entity if such use or misappropriation is done with the knowledge, consent or acquiescence of a member of the "control group";
  - d. disclosure, misuse or misappropriation of any ideas, trade secrets or confidential information that came into the possession of any person or entity prior to the date the person or entity became an employee, officer, director, "manager", principal, partner or "subsidiary" of the insured; or
  - e. under paragraph b. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability**, theft of or "unauthorized disclosure" of a "data asset";
13. In connection with or resulting from a "claim" brought by or on behalf of the any state, federal, local or foreign governmental entity, in such entity's regulatory or official capacity; provided, this exclusion shall not apply to an otherwise covered "claim" under **SECTION I – INSURING AGREEMENTS, 3. Regulatory Defense and Penalties** or to the provision of privacy breach response services under **SECTION I – INSURING AGREEMENTS, 2. Privacy Breach Response Services** to the extent such services are legally required to comply with a "breach notice law";
14. For, arising out of or resulting from a "claim" by or on behalf of one or more insureds under this Endorsement against any other insured or insureds under this Endorsement, provided this exclusion shall not apply to an otherwise covered "claim" under paragraphs a., b. or c. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability** made by a current or former "employee" of the "insured organization";
15. For, arising out of or resulting from:
- a. any "claim" made by any business enterprise in which any insured has greater than a fifteen percent (15%) ownership interest or made by any parent company or other entity which owns more than fifteen percent (15%) of the "named insured"; or
  - b. the insured's activities as a trustee, partner, member, "manager", officer, director or "employee" of any "employee" trust, charitable organization, corporation, company or business other than that of the "insured organization";
16. For, arising out of or resulting from any of the following:
- a. trading losses, trading liabilities or change in value of accounts;
  - b. any loss, transfer or theft of "monies", "securities" or tangible property of others in the care, custody or control of the "insured organization";
  - c. the monetary value of any transactions or electronic fund transfers by or on behalf of the insured which is lost, diminished, or damaged during transfer from, into or between accounts; or
  - d. the value of coupons, price discounts, prizes, awards, or any other valuable consideration given in excess of the total contracted or expected amount.
17. For, arising out of or resulting from:
- a. the actual or alleged obligation to make licensing fees or royalty payments;
  - b. any costs or expenses incurred or to be incurred by the insured or others for the reprinting, reposting, recall, removal or disposal of any "media material" or any other information, content or media, including any media or products containing such "media material", information, content or media;
  - c. any "claim" brought by or on behalf of any intellectual property licensing bodies or organizations;
  - d. the actual or alleged inaccurate, inadequate or incomplete description of the price of goods, products or services, cost guarantees, cost representations, or contract price estimates, the authenticity of any goods, products or services, or the failure of any goods or services to conform with any represented quality or performance;
  - e. any actual or alleged gambling, contest, lottery, promotional game or other game of chance; or
  - f. any "claim" made by or on behalf of any independent contractor, joint venture or venture partner arising out of or resulting from disputes over ownership of rights in "media material" or services provided by such independent contractor, joint venture or venture partner;
18. With respect to **SECTION I – INSURING AGREEMENTS, 6. Cyber Extortion, 7. First Party Data Protection** and **8. First Party Network Business Interruption**, for, arising out of or resulting from any criminal, dishonest, fraudulent, or malicious act, error or omission, any "security breach", "extortion threat", or intentional or knowing violation of the law, if committed by any member of the "control group" or any person in participation or collusion with any member of the "control group";
19. With respect to **SECTION I – INSURING AGREEMENTS, 7. First Party Data Protection** and **8. First Party Network Business Interruption**, for, arising out of or resulting from:
- a. any failure or malfunction of electrical or telecommunication infrastructure or services,

provided that this exclusion shall not apply to any otherwise covered "claim" or "loss" arising out of failure of "computer security" to prevent a "security breach" that was solely caused by a failure or malfunction of telecommunication infrastructure or services under the insured's direct operational control;

- b. fire, flood, earthquake, volcanic eruption, explosion, lightning, wind, hail, tidal wave, landslide, act of God or other physical event; or
  - c. any satellite failures;
20. With respect to **SECTION I – INSURING AGREEMENTS, 6. Cyber Extortion**, for, arising out of or resulting from:
- a. any threat to physically harm or kidnap any person; or
  - b. any threat to harm, take, or transfer property other than any "data asset", even if such threat is made in conjunction with a threat to a "data asset";
21. Arising out of or resulting from any seizure, nationalization, confiscation, or destruction of "computer systems" or "data assets" by order of any governmental or public authority;
22. Arising out of or resulting from an "extortion threat" first made against the "insured organization" during the "policy period" by any of the "insured organization's" directors, officers, principals, trustees, governors, "managers", members, management committee members, members of the management board, partners, or any person in collusion with any of the foregoing;
23. With respect to **SECTION I – INSURING AGREEMENTS, 8. First Party Network Business Interruption**, for, arising out of or resulting from the failure to prevent a "security breach" of "computer security" that is operated by a third party service provider and used for the purpose of providing hosted computer application services to the "insured organization" or for processing, maintaining, hosting or storing the "insured organization's" electronic data, pursuant to written contract with the "insured organization" for such services, provided such coverage is subject to the sublimit of liability set forth in the Schedule;
24. For, arising out of or resulting from, directly or indirectly occasioned by, happening through or in consequence of: war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority; provided that this exclusion will not apply to cyber terrorism. For purposes of this exclusion, cyber terrorism means

the premeditated use of disruptive activities, or threat to use disruptive activities, against a computer system of network with the intention to cause harm, further social, ideological, religious, political or similar objectives, or to intimidate any person(s) in furtherance of such objectives;

25. With respect to **SECTION I – INSURING AGREEMENTS, 6. Cyber Extortion, 7. First Party Data Protection and 8. First Party Network Business Interruption**, arising out of or resulting from any related or continuing acts, errors, omissions, incidents or events, where the first such act, error, omission, incident or event was committed or occurred prior to the retroactive date;
26. Either in whole or in part, directly or indirectly arising out of or resulting from or in consequence of, or in any way involving:
- a. asbestos, or any materials containing asbestos in whatever form or quantity;
  - b. the actual, potential, alleged or threatened formation, growth, presence, release or dispersal of any fungi, molds, spores or mycotoxins of any kind; any action taken by any party in response to the actual, potential, alleged or threatened formation, growth, presence, release or dispersal of fungi, molds, spores or mycotoxins of any kind, such action to include investigating, testing for, detection of, monitoring of, treating, remediating or removing such fungi, molds, spores or mycotoxins; and any governmental or regulatory order, requirement, directive, mandate or decree that any party take action in response to the actual, potential, alleged or threatened formation, growth, presence, release or dispersal of fungi, molds, spores or mycotoxins of any kind, such action to include investigating, testing for, detection of, monitoring of, treating, remediating or removing such fungi, molds, spores or mycotoxins; we will have no duty or obligation to defend any insured with respect to any "claim" or governmental or regulatory order, requirement, directive, mandate or decree which either in whole or in part, directly or indirectly, arises out of or results from or in consequence of, or in any way involves the actual, potential, alleged or threatened formation, growth, presence, release or dispersal of any fungi, molds, spores or mycotoxins of any kind;
  - c. the existence, emission or discharge of any electromagnetic field, electromagnetic radiation or electromagnetism that actually or allegedly affects the health, safety or condition of any person or the environment, or that affects the value, marketability, condition or use of any property; or



- d. the actual, alleged or threatened discharge, dispersal, release or escape of pollutants; or any governmental, judicial or regulatory directive or request that the insured or anyone acting under the direction or control of the insured test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants. Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant including gas, acids, alkalis, chemicals, heat, smoke, vapor, soot, fumes or waste. Waste includes but is not limited to materials to be recycled, reconditioned or reclaimed.

## SECTION V – LIMIT OF LIABILITY AND COVERAGE

1. The policy aggregate limit of liability set forth in the Schedule is our combined total limit of liability for all “damages”, “penalties”, “PCI fines, expenses and costs”, “cyber extortion loss”, “data protection loss”, “business interruption loss” and “claims expenses” payable under this Endorsement.
2. The Regulatory Defense and Penalties sublimit of liability stated in the Schedule is the aggregate sublimit of liability payable under **SECTION I – INSURING AGREEMENTS, 3. Regulatory Defense and Penalties** of this Endorsement and is part of and not in addition to the policy aggregate limit of liability.
3. The PCI Fines, Expenses and Costs sublimit of liability stated in the Schedule is the aggregate sublimit of liability payable under **SECTION I – INSURING AGREEMENTS, 5. PCI Fines, Expenses and Costs** of this Endorsement and is part of and not in addition to the policy aggregate limit of liability.
4. The Cyber Extortion sublimit of liability stated in the Schedule is the aggregate sublimit of liability payable under **SECTION I – INSURING AGREEMENTS, 6. Cyber Extortion** of this Endorsement and is part of and not in addition to the policy aggregate limit of liability. Multiple related or continuing “extortion threats” shall be considered a single “extortion threat” for purposes of this insurance and shall be deemed to have occurred at the time of the first such “extortion threat”. Prior to the payment of any “extortion payment”, the “insured organization” shall make every reasonable effort to determine that the “extortion threat” is not a hoax, or otherwise not credible. The “insured organization” shall take all steps reasonable and practical to avoid or limit the payment of an “extortion payment”.
5. The First Party Data Protection sublimit of liability stated in the Schedule is the aggregate sublimit of liability payable under **SECTION I – INSURING AGREEMENTS, 7. First Party Data Protection** of this Endorsement and is part of and not in addition to the policy aggregate limit of liability. All “data protection loss” that arises out of the same or a continuing “security breach”, from related or repeated “security breaches”, or from multiple “security breaches” resulting from a failure of “computer security” shall be deemed to be a single “data protection loss”.
6. The First Party Network Business Interruption sublimit of liability stated in the Schedule is the aggregate sublimit of liability payable under **SECTION I – INSURING AGREEMENTS, 8. First Party Network Business Interruption** of this Endorsement and is part of and not in addition to the policy aggregate limit of liability. All “business interruption loss” resulting from multiple covered interruptions or suspensions of “computer systems” that arise out of the same or a continuing “security breach”, from related or repeated “security breaches”, or from multiple “security breaches” resulting from a failure of “computer security” shall be deemed to be a single “business interruption loss”; provided, however, that a separate “waiting period” shall apply to each “period of restoration”.
7. Neither the inclusion of more than one insured under this Endorsement, nor the making of “claims” by more than one person or entity shall increase the sublimit of liability or policy aggregate limit of liability.
8. The limit of liability for the optional extension period shall be part of and not in addition to the policy aggregate limit of liability.
9. We shall not be obligated to pay any “damages”, “penalties” or “claims expenses”, or to undertake or continue defense of any suit or proceeding after the policy aggregate limit of liability has been exhausted by payment of “damages”, “penalties”, “PCI fines, expenses and costs”, “cyber extortion loss”, “data protection loss”, “business interruption loss” or “claims expenses”, or after deposit of the policy aggregate limit of liability in a court of competent jurisdiction. Upon such payment, we shall have the right to withdraw from further defense of any “claim” under this Endorsement by tendering control of said defense to the insured.
10. The “notified individuals” limit stated in the Schedule is the maximum total number of “notified individuals” to whom notification will be provided or attempted for all incidents or series of related incidents giving rise to an obligation to provide “notification services”, “call center services” or “breach resolution and mitigation services”.
11. The aggregate limit of coverage stated for “computer expert services” and “legal services” in the Schedule is the aggregate limit of coverage for all “computer expert services” and “legal services” combined. This is a separate limit, apart from and in addition to the policy aggregate limit of liability.
12. If the total number of notifications made pursuant to paragraph d. of **SECTION I – INSURING AGREEMENTS, 2. Privacy Breach Response Services** aggregates to more than the “notified individuals” limit of coverage stated in the Schedule, the “insured organization” will be responsible for paying for priva-

cy breach response services with respect to any excess notification, and such costs will not be covered under this Endorsement. If an incident involves notifications made pursuant to paragraph c. of **SECTION I – INSURING AGREEMENTS, 2. Privacy Breach Response Services** both within the “notified individuals” limit of coverage stated in the Schedule and in excess of such limit, all excess notifications will be provided by the same service provider that provides “notification services” covered under this Endorsement, and the costs will be allocated between us and the “insured organization” pro rata based on the number of covered and non-covered notifications.

13. To the extent privacy breach response services “costs” are covered pursuant to a “claim” as described in paragraph 6.d. of **SECTION XI – DEFINITIONS**, such “costs” shall be covered solely under **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability**.

## **SECTION VI – RETENTION**

1. The retention amount set forth in the Schedule applies separately to each incident, event or related incidents or events, giving rise to a “claim”, “data protection loss”, “business interruption loss” or “cyber extortion loss”. The retention shall be satisfied by monetary payments by the “named insured” of “damages”, “claims expenses”, “crisis management and public relations expenses”, “penalties”, “cyber extortion loss”, “data protection loss” or “business interruption loss”.
2. In the event that a “loss” arising out of a “claim” is subject to more than one retention, the applicable retention amount shall apply to such “loss”, provided, that the sum of such retention amounts shall not exceed the largest applicable retention amount.
3. Satisfaction of the applicable retention is a condition precedent to the payment by us of any amounts or providing of any services hereunder, and we shall be liable only for the amounts in excess of such retention subject to our total liability not exceeding the policy aggregate limit of liability. The “named insured” shall make direct payments within the retention to appropriate other parties designated by us.
4. With respect to **SECTION I – INSURING AGREEMENTS, 8. First Party Network Business Interruption**, the retention set forth in the Schedule applies separately to each “security breach”. The retention shall be satisfied by covered “business interruption loss” retained by the “insured organization”. The retention applicable to **SECTION I – INSURING AGREEMENTS, 8. First Party Network Business Interruption** shall be reduced on a dollar-for-dollar basis by the amount of “income loss” that was sustained by the “insured organization” during the “waiting period”.

## **SECTION VII – OPTIONAL EXTENSION PERIOD**

1. We will provide an optional extension period as described below in the event of the termination of this coverage for any reason except the non-payment of premium.
2. The optional extension period does not extend the policy period or change the scope of coverage provided. The optional extension period only extends the claims reporting period.
3. A “claim” first made against any insured and reported to us during the optional extension period will be deemed to have been made on the last day of the policy period provided that the “claim” is for any act, error, or omission committed during the “policy period”.
4. The policy aggregate limit of liability for the optional extension period shall be part of, and not in addition to, the applicable policy aggregate limit of liability for the “policy period”. The purchase of the optional extension period does not in any way increase the policy aggregate limit of liability or any sublimit of liability.
5. The optional extension period does not apply to **SECTION I – INSURING AGREEMENTS, 2. Privacy Breach Response Services, 6. Cyber Extortion, 7. First Party Data Protection or 8. First Party Network Business Interruption**.
6. You must give us a written request within thirty (30) days of your election of the optional extension period. Payment of the full additional premium for the optional extension period endorsement is due within thirty (30) days of the termination of this coverage. If notice of election and payment for the optional extension period is not given to us within such thirty (30) day period, there shall be no right to purchase the optional extension period.
7. At the commencement of the optional extension period the entire premium shall be deemed earned, and in the event the “named insured” terminates the optional extension period for any reason prior to its natural expiration, we will not be liable to return any premium paid for the optional extension period.

## **SECTION VIII – NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**

1. With respect to **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability, 3. Regulatory Defense and Penalties, 4. Website Media Content Liability and 5. PCI Fines, Expenses and Costs**:
  - a. If any “claim” is made against the insured, the insured shall forward as soon as practicable to us written notice of such “claim” by facsimile, email or express or certified mail, together with every demand, notice, summons or other process received by the insured or the insured’s representative. In no event shall we be given notice of a “claim” later than the end of the “policy

period", the end of the optional extension period, if applicable, or sixty (60) days after the expiration date of the "policy period";

- b. If, during the "policy period", the insured becomes aware of any circumstance that could reasonably be the basis for a "claim", it may give written notice to us in the form of a facsimile, email or express or certified mail as soon as practicable during the "policy period". Such notice must include:
  - i. the specific details of the act, error, omission, or "security breach" that could reasonably be the basis for a "claim";
  - ii. the injury or damage which may result or has resulted from the circumstance; and
  - iii. the facts by which the insured first became aware of the act, error, omission or "security breach".

Any subsequent "claim" made against the insured arising out of such circumstance which is the subject of the written notice will be deemed to have been made at the time written notice complying with the above requirements was first given to us.

- c. A "claim" or legal obligation under paragraph a. of this section shall be considered to be reported to us when written notice is first received by us in the form of a facsimile, email or express or certified mail of the "claim" or legal obligation, or of an act, error, or omission, which could reasonably be expected to give rise to a "claim" if provided in compliance with this paragraph.
  - d. In the event coverage is renewed by us and privacy breach response services are provided because of such incident or suspected incident that was discovered by the insured prior to the expiration of this coverage, and first reported during the sixty (60) day post "policy period" reporting period, then any subsequent "claim" arising out of such incident or suspected incident is deemed to have been made during the "policy period".
2. With respect to **SECTION I – INSURING AGREEMENT, 2. Privacy Breach Response Services and 6. Cyber Extortion:**
- a. If any incident, or reasonably suspected incident, described in paragraphs a. or b. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability** occurs, or in the event of a cyber extortion threat, the insured must report such incident, or reasonably suspected incident, to us in writing by facsimile, email or express or certified mail as soon as practicable during the "policy period" after discovery by the insured. In no event shall we be given notice of such incident later than the end of the "policy period", the end of the optional extension period, if applicable, or sixty (60) days after the expiration date of the "policy period".

3. With respect to **SECTION I – INSURING AGREEMENT, 7. First Party Data Protection and 8. First Party Network Business Interruption:**

- a. Notice of "Data Protection Loss" or "Business Interruption Loss"
  - i. With respect to **SECTION I – INSURING AGREEMENT, 7. First Party Data Protection**, the "named insured" must forward written notice by facsimile, email or express or certified mail immediately upon discovery of alteration, corruption, destruction, deletion or damage to or inability to access a "data asset" to which this Endorsement applies. In no event shall we be given notice of "data protection loss" later than the end of the "policy period", the end of the optional extension period, if applicable, or sixty (60) days after the expiration date of the "policy period";
  - ii. With respect to **SECTION I – INSURING AGREEMENT, 8. First Party Network Business Interruption**, the "named insured" must forward written notice by facsimile, email or express or certified mail immediately upon discovery of the interruption or suspension of "computer systems" to which this Endorsement applies. In no event shall we be given notice of "business interruption loss" later than the end of the "policy period", the end of the optional extension period, if applicable, or sixty (60) days after the expiration date of the "policy period";
- b. Proof of Loss & Appraisal
  - i. Before coverage will apply, the "named insured" must prepare and submit to us a written and detailed "proof of loss" sworn by an officer of the "named insured" within ninety (90) days after the insured discovers a "data protection loss" or the "insured organization" sustains a "business interruption loss", as applicable, but in no event later than six (6) months following the end of the "policy period" (unless such period has been extended by our written consent).
  - ii. Such proof of loss shall include a narrative with full particulars of such "data protection loss" or "business interruption loss", including, the time, place and cause of the "data protection loss" or "business interruption loss", a detailed calculation of any "data protection loss" or "business interruption loss", the "insured organization's" interest and the interest of all others in the property, the sound value thereof and the amount of "data protection loss" or "business interruption loss" or damage thereto and all other insurance thereon.
  - iii. The "named insured" must, upon our request, submit to an examination under oath

and provide copies of the underlying documents, data and materials that reasonably relate to or are part of the basis of the claim for such "data protection loss" or "business interruption loss". The costs and expenses of preparing and submitting a proof of loss, and establishing or proving "data protection loss", "business interruption loss" or any other "loss" under this Endorsement shall be the insured's obligation.

- iv. If we do not agree with the "named insured" on the amount of a "data protection loss" or a "business interruption loss", each party shall select and pay a qualified and disinterested appraiser or other qualified expert (the "Appraiser(s)") to state the amount of the loss or reasonable expenses, and the Appraisers shall choose an umpire. If the Appraisers cannot agree on an umpire, the "named insured" or we may request a judge of a court having jurisdiction to make the selection. Each Appraiser shall submit their loss estimate to the umpire, and agreement by the umpire and at least one of the Appraisers as to the amount of a "data protection loss" or "business interruption loss" shall be binding on all "insureds" and us. The "named insured" and we will equally share the costs of the umpire and any other costs other than the cost of the Appraisers. This provision shall govern only appraisal under this section and shall not control the determination of whether such "data protection loss" or "business interruption loss" is otherwise covered by this Endorsement. We retain and do not waive our right to deny coverage or to enforce any obligation under this Endorsement.

## SECTION IX – OTHER INSURANCE

The coverage under this Endorsement shall apply in excess of any other valid and collectible insurance available to any insured, including any self-insured retention or deductible portion thereof, unless such other insurance is written, only as specific excess insurance over the policy aggregate limit of liability or any other applicable limit of liability or coverage of this Endorsement.

## SECTION X – SUBROGATION

If any payment is made under this Endorsement and there is available to us any of the insured's rights of recovery against any other party, then we shall maintain all such rights of recovery. The insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The insured shall do nothing after an incident or event giving rise to a "claim" or "loss" to prejudice such rights. Any recoveries shall be applied first to subrogation expenses, second to

"loss" paid by us and lastly to the retention. Any additional amounts recovered shall be paid to the "named insured".

## SECTION XI – DEFINITIONS

1. "Breach notice law" means: any federal, state, local or foreign statute or regulation that requires notice to persons whose "personally identifiable information" was accessed or reasonably may have been accessed by an unauthorized person;
2. "Breach resolution and mitigation services" means a credit monitoring, identity monitoring or other solution offered to "notified individuals". The product offered to "notified individuals" will be selected by us in consultation with the "insured organization".
3. "Business interruption loss" means the total of:
  - a. "income loss" and
  - b. "extra expense" during the "period of restoration", and "extended income loss" if the "income loss" during the "period of restoration" is in excess of the applicable Retention;

provided that "business interruption loss" shall not mean and **SECTION I – INSURING AGREEMENTS, 8. First Party Network Business Interruption** shall not cover any of the following: loss arising out of any liability to any third party for whatever reason; legal costs or legal expenses of any type; loss incurred as a result of unfavorable business conditions, loss of market or any other consequential loss or costs or expenses the "insured organization" incurs to identify and remove software program errors or vulnerabilities.

4. "Call center services" means the provision of a call center to answer calls during standard business hours for a period of ninety (90) days following notification (or longer if required by applicable law or regulation) of an incident for which notice is provided pursuant to paragraph d. of **SECTION I – INSURING AGREEMENTS, 2. Privacy Breach Response Services**. "Call center services" will be provided by a service provider selected by us in consultation with the "insured organization".
5. "Claim" means:
  - a. a written demand received by any insured for money or services, including service of a suit or institution of regulatory or arbitration proceedings;
  - b. with respect to coverage provided under **SECTION I – INSURING AGREEMENTS, 3. Regulatory Defense and Penalties** only, institution of a "regulatory proceeding" against any insured;
  - c. a written request or agreement to toll or waive a statute of limitations relating to a potential "claim" described in paragraph a. above; and
  - d. with respect to coverage provided under paragraph a. of **SECTION I – INSURING AGREEMENTS**,

**MENTS, 1. Information Security and Privacy Liability** only, a demand received by any insured to fulfill the “insured organization’s” contractual obligation to provide notice of an incident, or reasonably suspected incident, described in paragraph a. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability** pursuant to a “breach notice law”.

Multiple “claims” arising from the same or a series of related or repeated acts, errors, or omissions, or from any continuing acts, errors, omissions, or from multiple “security breaches” arising from a failure of “computer security” shall be considered a single “claim” for the purposes of this Endorsement, irrespective of the number of claimants or “insureds” involved in the “claim”. All such “claims” shall be deemed to have been made at the time of the first such “claim”.

**6. “Claims expenses” means:**

- a. reasonable and necessary fees charged by an attorney designated pursuant to paragraph 1. of **SECTION II – DEFENSE AND SETTLEMENT OF CLAIMS**;
- b. all other legal costs and expenses resulting from the investigation, adjustment, defense and appeal of a “claim”, suit, or proceeding arising in connection therewith, or circumstance which might lead to a “claim” if incurred by us or the insured with our prior written consent;
- c. the premium cost for appeal bonds for covered judgments or bonds to release property used to secure a legal obligation, if required in any “claim” against an “insured” provided that we shall have no obligation to appeal or to obtain bonds.

“Claims expenses” do not include any salary, overhead, or other charges by the insured for any time spent cooperating with the defense and investigation of any “claim”, or circumstance that might lead to a “claim”, under this Endorsement, or costs to comply with any regulatory orders, settlements or judgments.

**7. “Computer expert services” means costs for:**

- a. a computer security expert to determine the existence and cause of an actual or suspected electronic data breach which may require the “insured organization” to comply with a “breach notice law” and to determine the extent to which such information was accessed by an unauthorized person or persons; and if such breach is actively in progress on the “insured organization’s” “computer systems”, to assist in containing the existing intrusion on such systems from accessing “personally identifiable information”; and

- b. a Payment Card Industry (PCI) Forensic Investigator that is approved by the PCI Security Standards Council and is retained by the “insured organization” in order to comply with the terms of a “merchant services agreement” to investigate the existence and extent of an actual or suspected compromise of credit card data; and, in our discretion, where a computer security expert described in paragraph a. above has not been retained, for a computer security expert to provide advice and oversight in connection with the investigation conducted by the PCI Forensic Investigator; and

- c. a computer security expert to demonstrate the insured’s ability to prevent a future electronic data breach as required by a “merchant services agreement”.

“Computer expert services” will be provided by a service provider selected by us in consultation with the “insured organization”.

- 8. “Computer security” means software, computer or network hardware devices, as well as the “insured organization’s” information security policies and procedures, the function or purpose of which is to prevent “unauthorized access or use”, a “denial of service attack” against “computer systems”, infection of “computer systems” by “malicious code” or transmission of “malicious code” from “computer systems”. “Computer security” includes anti-virus and intrusion detection software, firewalls and electronic systems that provide access control to “computer systems” through the use of passwords, biometric or similar identification of authorized users.

- 9. “Computer systems” means computers, any software residing on such computers, and associated input and output devices, data storage devices, networking equipment, and back up facilities:

- a. operated by and either owned by or leased to the “insured organization”, or
- b. systems operated by a third party service provider and used for the purpose of providing hosted computer application services, including cloud services, to the “insured organization” or for processing, maintaining, hosting or storing the “insured organization’s” electronic data, pursuant to written contract with the “insured organization” for such services.

- 10. “Control group” means any principal, partner, corporate officer, director, “manager”, general counsel (or most senior legal counsel) or risk manager of the “insured organization” and any individual in a substantially similar position.

- 11. “Cyber extortion loss” means:

- a. any “extortion payment” that has been made under duress by or on behalf of the “insured organization”.

nization", with our prior written consent, but solely to prevent or terminate an "extortion threat";

- b. reasonable and necessary expenses incurred by the "insured organization", with our prior written approval, that directly relate to the "insured's efforts to prevent or terminate an "extortion threat".
12. "Damages" means a monetary judgment, award or settlement. The term "damages" shall not include or mean:
- a. future profits, restitution, disgorgement of unjust enrichment or profits by an insured, or the costs of complying with orders granting injunctive or equitable relief;
  - b. return or offset of fees, charges, or commissions charged by or owed to an "insured" for goods or services already provided or contracted to be provided;
  - a. pursuant to a lease or other written contract to which the "insured organization" is a party;
  - b. a natural person volunteer who is directed and controlled by the "insured organization" while performing labor or service for the "insured organization";
  - c. a natural person who is a director, trustee, officer, administrator, "manager" or partner of the "insured organization", when performing acts coming within the scope of the usual duties of a director, trustee, officer, administrator, "manager" or partner; or
  - d. a natural person who is:
  - c. a trustee, officer, "employee", administrator, fiduciary or manager of any Employee Welfare or Pension taxes or loss of tax benefits;
  - d. fines, sanctions or penalties;
  - e. punitive or exemplary damages, or any damages which are a multiple of compensatory damages, unless insurable by law in any applicable venue that most favors coverage for such punitive, exemplary or multiple damages;
  - f. discounts, coupons, prizes, awards or other incentives offered to the insured's customers or clients;
  - g. liquidated damages, but only to the extent that such damages exceed the amount for which the insured would have been liable in the absence of such liquidated damages agreement; or
  - h. any amounts for which the insured is not liable, or for which there is no legal recourse against the insured.
13. "Data asset" means any software or electronic data that exists in computer systems and that is subject to regular back up procedures, including computer programs, applications, account information, customer information, private or personal information, marketing information, financial information, and any

other information maintained by the "named insured" in its ordinary course of business.

14. "Data protection loss" means:
- a. with respect to any "data asset" that is altered, corrupted, destroyed, deleted or damaged, the actual, reasonable and necessary costs and expenses incurred by the insured to restore a "data asset" from back-ups or from originals or to gather, assemble and recollect such "data asset" from other sources to the level or condition in which it existed immediately prior to its alteration, corruption, destruction, deletion or damage; or
  - b. with respect to any "data asset" that the insured is unable to access, the lesser of the actual, reasonable and necessary costs and expenses incurred by the "insured organization" to:
    - i. regain access to such "data asset"; or
    - ii. restore such "data asset" from back-ups or originals or gather, assemble and recollect such "data asset" from other sources, to the level or condition in which it existed immediately prior to the insured's inability to access it;
  - a) Provided that if such "data asset" cannot reasonably be accessed, restored, gathered, assembled or recollect, then "data protection loss" means the actual, reasonable and necessary costs and expenses incurred by the insured to reach this determination. Provided further that "data protection loss" shall not exceed, and shall not mean, any amount in excess of the amount by which the net profit before income taxes of the insured would have decreased had the insured failed to restore, gather, assemble or recollect as set forth in subparagraphs a. and b. above.
  - c. "data protection loss" shall not mean, and there shall be no coverage under **SECTION I – INSURING AGREEMENTS, 7. First Party Data Protection** for:
    - i. costs or expenses incurred by the insured to identify or remediate software program errors or vulnerabilities or update, replace, restore, gather, assemble, reproduce, recollect or enhance a "data asset" or "computer systems" to a level beyond that which existed prior to the alteration, corruption, destruction, deletion or damage of such "data asset";
    - ii. costs or expenses to research or develop any "data asset", including but not limited to trade secrets or other proprietary information;
    - iii. the monetary value of profits, royalties, or lost market share related to a "data asset", including but not limited to trade secrets or

other proprietary information or any other amount pertaining to the value of the “data asset”;

- iv. loss arising out of any liability to any third party for whatever reason; or
  - v. legal costs or legal expenses of any type.
15. “Denial of service attack” means a cyber-attack where the perpetrator seeks to make a machine or network resource unavailable to its intended users.
16. “Digital currency” means a type of digital currency that:
- a. requires cryptographic techniques to regulate the generation of units of currency and verify the transfer thereof;
  - b. is both stored and transferred electronically; and
  - c. operates independently of a central bank or other central authority.
17. “Employee” means:
- a. A natural person:
    - i. while in the regular service of the “insured organization” in the ordinary course of its business; and
    - ii. whom the “insured organization” has the right to direct and control while performing labor or service for the “insured organization”; and
    - iii. who is compensated directly by the “insured organization” through salary, wages or commissions;
    - iv. a natural person who is directed and controlled by the “insured organization” while performing labor or service for the “insured organization” Benefit Plan, as defined in Employee Retirement Income Security Act of 1974 and any amendments thereto (“ERISA”), which is or becomes solely sponsored by the “insured organization”; or
    - v. required to be bonded by Title 1 of ERISA.
18. “Extended income loss” means the “income loss” during the “extended interruption period”.
19. “Extended interruption period” means the period of time that:
- a. begins on the date and time that the “period of restoration” ends; and
  - b. terminates on the date and time the insured restores, or would have restored if the insured had exercised due diligence and dispatch, the net profit before income taxes that would have been earned by the insured directly through its business operations had the actual and necessary interruption or suspension of “computer systems” not occurred;

Provided that in no event shall the “extended interruption period” mean more than or exceed thirty (30) days.

20. “Extortion payment” means cash, “digital currency”, marketable goods or services demanded to prevent or terminate an “extortion threat”.

21. “Extortion threat” means a threat to breach “computer security” in order to:

- a. alter, destroy, damage, delete or corrupt any “data asset”;
- b. prevent access to “computer systems” or a “data asset”, including a “denial of service attack”;
- c. encrypting a “data asset” and withholding the decryption key for such “data asset”;
- d. perpetrate a theft or misuse of a “data asset” on “computer systems” through external access;
- e. introduce “malicious code” into “computer systems” or to third party computers and systems from “computer systems”; or
- f. interrupt or suspend “computer systems”;

Unless an “extortion payment” is received from or on behalf of the insured.

22. “Extra expense” means reasonable and necessary expenses that are incurred by the insured during the “period of restoration” to minimize, reduce or avoid an “income loss”, provided that such expenses:

- a. are over and above those the insured would have incurred had no interruption or suspension of the “computer systems” occurred; and
- b. do not exceed the amount by which the “income loss” in excess of the retention and covered under this insurance is thereby reduced.

Provided that “extra expense” shall not mean, and there shall be no coverage under **SECTION I – INSURING AGREEMENTS, 8. First Party Network Business Interruption**, for expenses incurred by the insured to update, upgrade, enhance or replace “computer systems” to a level beyond that which existed prior to the actual and necessary interruption or suspension of “computer systems” or the costs and expenses incurred by the insured to restore, reproduce, or regain access to any “data asset” that was altered, corrupted, destroyed, deleted, damaged or rendered inaccessible as a result of the failure of “computer security” to prevent a “security breach”.

23. “Forensic expenses” means reasonable and necessary expenses incurred by the insured to investigate the source or cause of the failure of “computer security” to prevent a “security breach”.

24. “Income loss” means:

- a. the net profit before income taxes that the insured is prevented from earning through its business operations or the net loss before income taxes that the insured is unable to avoid through its business operations as a direct result of the actual and necessary interruption or suspension of “computer systems”; and

- b. fixed operating expenses incurred by the insured (including payroll), but only to the extent that such operating expenses must necessarily continue during the "period of restoration" (or "extended interruption period", if applicable) and such expenses would have been incurred by the insured had such interruption or suspension not occurred.

"Income loss" shall be reduced to the extent the insured is able, with reasonable dispatch and due diligence, to reduce or limit such interruption or suspension of "computer systems" or conduct its business operations by other means. In determining "income loss", due consideration shall be given to the prior experience of the insured's business operations before the beginning of the "period of restoration" and to the probable business operations the "insured organization" could have performed had no actual and necessary interruption or suspension occurred as result of a failure of "computer security" to prevent a "security breach". "Income loss" will be calculated on an hourly basis based on the insured's net profit (or loss) and fixed operating expenses as set forth above.

- 25. "Insured organization" means the "named insured" and any "subsidiaries" of the "named insured".

- 26. "Legal services" means fees charged by an attorney:

- a. to determine the applicability of and actions necessary for the "insured organization" to comply with "breach notice laws" due to an actual or reasonably suspected theft, loss or "unauthorized disclosure" of "personally identifiable information";
- b. to provide necessary legal advice to the "insured organization" in responding to actual or suspected theft, loss or "unauthorized disclosure" of "personally identifiable information";
- c. to advise the "insured organization" regarding the notification of relevant governmental entities of an actual or reasonably suspected theft, loss or "unauthorized disclosure" of "personally identifiable information"; and
- d. to advise the "insured organization" in responding to credit card system operating regulation requirements for any actual or suspected compromise of credit card data that is required to be reported to the "insured organization's" merchant bank under the terms of a "merchant services agreement"; however, "legal services" do not include fees incurred in any actual or threatened legal proceeding, arbitration or mediation, or any advice in responding to credit card system operating regulation in connection with an assessment of "PCI fines, expenses, and costs".

"Legal services" will be provided in accordance with the terms and conditions set forth in this

Endorsement and will be provided by an attorney

selected by us in consultation with the "insured organization".

- 27. "Loss" means:

- a. "business interruption loss";
- b. "damages";
- c. "claims expenses";
- d. "cyber extortion loss";
- e. "data protection loss";
- f. "penalties";
- g. "PCI fines, expenses and costs";
- h. privacy breach response services.

- 28. "Malicious code" means any virus, Trojan horse, worm or any other similar software program, code or script intentionally designed to insert itself into computer memory or onto a computer disk and spread itself from one computer to another.

- 29. "Management control" means:

- a. owning, directly or indirectly, more than fifty percent (50%) of the outstanding securities, representing the present right to vote for the election of an entity's directors, members of the board of managers, management committee members or persons serving in a functionally equivalent role for such an entity operating or organization outside of the United States; or
- b. having the right, pursuant to a written contract or bylaws, charter, operating agreement or similar documents of an entity to elect, appoint or designate a majority of:
  - i. the Board of Directors of a corporation;
  - ii. the Management Committee of a joint venture or partnership;
  - iii. the Management Board of a limited liability company; or
  - iv. persons serving in a functionally equivalent role for such an entity operating or organized outside of the United States.

- 30. "Manager" means manager of a limited liability company.

- 31. "Media material" means any information in electronic form, including words, sounds, numbers, images, or graphics and shall include advertising, video, streaming content, web-casting, online forums, bulletin boards and chat room content, but does not mean computer software or the actual goods, products or services described, illustrated or displayed in such "media material".

- 32. "Merchant services agreement" means any agreement between an insured and a financial institution, credit/debit company, credit/debit card processor or independent service operator enabling an insured to accept credit card, debit card, prepaid card, or other payment cards for payments or donations.



33. "Named insured" means the individual, partnership, entity or corporation designated as such in the declarations of the Policy.
34. "Notification services" means:
- a. notification by first class mail or e-mail to United States, Canadian or Mexican residents; and
  - b. notification by first class mail or e-mail to individuals residing outside the United States, Canada or Mexico, but only to the extent reasonably practicable.
- "Notification services" will be provided by a service provider selected by us in consultation with the "insured organization".
35. "Notified individual" means an individual person to whom notice is given or attempted to be given under paragraph d. of **SECTION I – INSURING AGREEMENTS, 2. Privacy Breach Response Services** pursuant to a "breach notice law".
36. "PCI fines, expenses and costs" means the direct monetary fines, penalties, reimbursements, fraud recoveries or assessments owed by the "insured organization" under the terms of a "merchant services agreement", but only where such fines, penalties, reimbursements, fraud recoveries or assessments result both from the "insured organization's" actual or alleged noncompliance with published Payment Card Industry (PCI) Data Security Standards and from a data breach caused by an incident, or reasonably suspected incident, described in paragraphs a. and b. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability**; provided, that the term "PCI fines, expenses and costs" shall not include or mean any charge backs, interchangeable fees, discount fees or prospective service fees.
37. "Penalties" means:
- a. any civil fine or punitive sum of money payable to a governmental entity that was imposed in a "regulatory proceeding" by any other federal, state, local or foreign governmental entity, in such entity's regulatory or official capacity; the insurability of "penalties" shall be in accordance with the law in the applicable venue that most favors coverage for such "penalties"; and
  - b. amounts which the insured is legally obligated to deposit in a fund as equitable relief for the payment of consumer claims due to an adverse judgment or settlement of a "regulatory proceeding"; but shall not include payments to charitable organizations or disposition of such funds other than for payment of consumer claims for losses caused by an event covered pursuant to paragraphs a., b., or c. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability**;
  - c. "Penalties" do not mean:
    - i. costs to remediate or improve "computer systems";
    - ii. costs to establish, implement, maintain, improve or remediate security or privacy practices, procedures, programs or policies;
    - iii. audit, assessment, compliance or reporting costs; or
    - iv. costs to protect the confidentiality, integrity and/or security of "personally identifiable information" from theft, loss or disclosure.
38. "Period of restoration" means the time period that:
- a. begins on the specific date and time that the actual and necessary interruption or suspension of "computer systems" first occurred; and
  - b. ends on the specific date and time that the actual and necessary interruption or suspension of "computer systems" ends, or would have ended had the insured acted with due diligence and dispatch;
- Provided that in no event shall the "period of restoration" mean more than or exceed thirty (30) days; and provided, that restoration of "computer systems" will not end the "period of restoration" if such systems are actually and necessarily interrupted or suspended again within one hour of such restoration due to the same cause as the original interruption or suspension.
39. "Personally identifiable information" means:
- a. information concerning the individual that constitutes nonpublic personal information as defined in the Gramm-Leach Bliley Act of 1999, as amended, and regulations issued pursuant to this Act;
  - b. medical or health care information concerning the individual, including protected health information as defined in the Health Insurance Portability and Accountability Act of 1996, as amended, and regulations issued pursuant to this Act.
  - c. information concerning the individual that is defined as private personal information under statutes enacted to protect such information in foreign countries, for "claims" subject to the law of such jurisdiction;
  - d. information concerning the individual that is defined as private personal information under a "breach notice law";
  - e. education records as defined by the Family Educational Rights and Privacy Act which are directly related to an individual's attendance as a student; or
  - f. the individual's drivers' license or state identification number, social security number, unpublished telephone number, and credit, debit, or other financial account numbers in combination

with associated security codes, access codes, passwords or pins; if such information allows an individual to be uniquely and reliably identified or contacted or allows access to the individual's financial account or medial record information.

"Personally identifiable information" does not include publicly available information that is lawfully made available to the general public from government records.

40. "Policy period" means the period of time between the inception date and the effective date of termination, expiration or cancellation of this coverage and specifically excludes any optional extension period or any prior policy period or renewal period.
41. "Privacy law" means a federal, state or foreign statute or regulation requiring the "insured organization" to protect the confidentiality and/or security of "personally identifiable information".
42. "Privacy policy" means the "insured organization's" public declaration of its policy for collection, use, disclosure, sharing, dissemination and correction or supplementation of, and access to "personally identifiable information".
43. "Property" means tangible property other than "money" or "securities" that has intrinsic value.
44. "Public relations and crisis management expenses" shall mean the following costs, approved in advance by us, which are directly related to mitigating harm to the "insured organization's" reputation or potential "loss" covered by this Endorsement resulting from an incident described in paragraphs a. and b. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability** or from a "public relations event":
  - a. costs incurred by a public relations or crisis management consultant;
  - b. costs for media purchasing or for printing or mailing materials intended to inform the general public about the incident;
  - c. for incidents or events in which notifications services are not otherwise provided pursuant to **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability** and **2. Privacy Breach Response Services**, costs to provide notifications and notices via e-mail or first class mail to affected individuals where such notifications are not required by law (voluntary notifications), including non-affected customers or patients of the "insured organization";
  - d. costs to provide government mandated public notices related to breach events (including such notifications required under the Health Insurance Portability and Accountability Act of 1996 or the Health Information Technology for Economic and Clinical Health Act;

- e. costs to provide services to restore healthcare records of "notified individuals" residing in the United States whose "personally identifiable information" was compromised as a result of theft, loss or "unauthorized disclosure"; and

- f. other costs approved in advance by us.

"Public relations and crisis management expenses" must be incurred no later than twelve (12) months following the reporting of such "claim" or breach event to us and, with respect to paragraphs a. and b. above, within ninety (90) days following the first publication of such "claim" or incident. If voluntary notifications are provided, e-mail notification will be provided in lieu of first class mail to the extent practicable.

45. "Public relations event" means the publication or imminent publication in a newspaper (or other general circulation print publication) or on radio, television or a publically accessible website of a covered "claim" or incident under this Endorsement.
46. "Regulatory proceeding" means a request for information, civil investigative demand or civil proceeding commenced by service of a complaint or similar proceeding brought by or on behalf of any federal, state, local or foreign governmental entity in such entity's regulatory or official capacity in connection with such proceeding.
47. "Related party" means the "insured organization" and any past, present or future employees, directors, officers, "managers", partners or natural person independent contractors of the "insured organization".
48. "Security breach" means:
  - a. "unauthorized access or use" of "computer systems", including "unauthorized access or use" resulting from the theft of a password from a "computer system" or from any insured;
  - b. A "denial of service attack" against "computer systems" or "computer systems" that are not owned, operated or controlled by an insured; or
  - c. infection of "computer systems" by "malicious code" or transmission of "malicious code" from "computer systems".

A series of continuing "security breaches", related or repeated "security breaches", or multiple "security breaches" resulting from a continuing failure of "computer security" shall be considered a single "security breach" and be deemed to have occurred at the time of the first such "security breach".
49. "Subsidiary" means any corporation, limited liability company, joint venture or partnership while the "named insured" has "management control" over such entity, if the "named insured":
  - a. had "management control" over such entity on the inception date of this Endorsement or such entity was an insured under a Policy issued by us of which this Endorsement is a renewal;

- b. acquires “management control” after the inception date of this Endorsement provided the revenues of the entity do not exceed fifteen percent (15%) of the “named insured’s” annual revenues for the four quarterly periods directly preceding inception of the Endorsement; or
  - c. provided that this coverage only provides coverage for acts, errors, omissions, incidents or events that take place while the “named insured” has “management control” over such entity.
50. “Third party information” means any trade secret, data, design, interpretation, forecast, formula, method, practice, credit or debit card magnetic strip information, process, record, report or other item of information of a third party not insured under this Endorsement which is not available to the general public and is provided to the insured subject to a mutually executed written confidentiality agreement or which the “insured organization” is legally required to maintain in confidence; however, “third party information” shall not include “personally identifiable information”.
51. “Unauthorized access or use” means the gaining of access to or use of “computer systems” by an unauthorized person or persons or the use of “computer systems” in an unauthorized manner.
52. “Unauthorized disclosure” means the disclosure of (including disclosure resulting from phishing) or access to information in a manner that is not authorized by the “insured organization” and is without knowledge of, consent, or acquiescence of any member of the “control group”.
53. “Vendor” means any entity or natural person that provides goods or services to the insured pursuant to a written agreement.
54. “Waiting period” means the period of time beginning when the “period of restoration” begins and expiring after the elapse of the number of hours set forth in the Schedule. A “waiting period” shall apply to each “period of restoration”.

**COMMERCIAL ADVANTAGE EXCESS LIABILITY COVERAGE FORM**

**QUICK REFERENCE  
READ YOUR POLICY CAREFULLY**

**DECLARATION PAGE**

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# COMMERCIAL ADVANTAGE EXCESS LIABILITY COVERAGE FORM

## INTRODUCTION

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

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

The words "this insurance" mean the excess liability insurance provided under this policy.

Other words and phrases that appear in **bold lettering** have special meaning. Refer to SECTION V - Definitions of this policy.

## SECTION I - Coverages

### Excess Liability Coverage

#### 1. Insuring Agreement

a. We will pay those sums, in excess of the amount payable under the terms of any **underlying insurance**, that the insured becomes legally obligated to pay as damages because of **injury** or damage to which this insurance applies, provided that the **underlying insurance** also applies, or would apply but for the exhaustion of its applicable limits of insurance.

b. We will have the right to participate in the defense of claims or suits against the insured seeking damages because of **injury** or damage to which this insurance may apply. We will have a duty to defend such claims or **suits** when the applicable limit of insurance of the **underlying insurance** has been used up by payment of judgments, settlements or any cost or expense subject to such limit.

This right or duty to defend is limited as set forth in SECTION II - Defense of Claims or Suits.

c. The amount we will pay for damages and **defense expense** is limited as described in SECTION III - Limits of Insurance. Damages include prejudgment interest awarded against the insured.

d. This coverage is written with the understanding that all **underlying insurance** is written on an **occurrence** basis.

e. This insurance is subject to the same terms, conditions, agreements, exclusions and definitions as the **underlying insurance**, except:

- 1) We will have no obligation under this insurance with respect to any claim or **suit** that is settled without our consent; and
- 2) With respect to any provisions to the contrary contained in this insurance.

#### 2. Exclusions

The exclusions applicable to the **underlying insurance** also apply to this insurance. Additionally, this insurance does not apply to:

- a. Damage by fire to premises rented to you.

b. Any obligation to pay expenses under any medical payments coverage.

c. Any obligation to reimburse an insurer as provided by the terms of the "Endorsement for Motor Carrier Policies of Insurance for Public Liability under Sections 29 and 30 of the Motor Carrier Act of 1980" or under the terms of any similar endorsement required by Federal or state statute.

d. Any obligation imposed by law under any automobile no-fault, uninsured motorist, underinsured motorist, workers compensation, disability benefits or unemployment compensation law or any similar law.

e. **Injury** excluded by the Nuclear Energy Liability Exclusion contained in the **underlying insurance**.

f. **Injury** arising out of the rendering of or failure to render any professional services.

g. **Injury** for which coverage is provided by an endorsement to an **underlying policy** when that endorsement includes Specific Limits of Insurance or Amended Limits of Insurance which apply for the coverage afforded by the endorsement, unless that Specific or Amended Limit of Insurance is equal to the Each Occurrence Limit.

## SECTION II - Defense of Claims or Suits

1. When we have the duty to defend, we will pay for all **defense expense** once our duty to defend begins. We may make investigation of any claim or **suit** as we think appropriate.

If we exercise our right to defend when there is no duty, we will pay only that **defense expense** we incur.

If we provide a defense, we may investigate any claim or **suit** at our discretion. We may settle such claim or **suit** within the Limits of Insurance available at the time of the settlement.

2. Our right or duty to defend ends when we have used up the Limits of Insurance available in the payment of any combination of judgments or settlements as provided under SECTION III - Limits of Insurance. This applies both to claims and **suits** pending at that time and those filed thereafter.

3. When we control the defense of a claim or **suit**, we will pay for the **defense expense**. If by mutual agreement or court order the insured assumes control of the defense before the applicable Limits of Insurance available is used up, we will reimburse the insured for reasonable **defense expense**.
4. As soon as practicable after we become aware that a Limit of Insurance available has been used up:
  - a. We will notify you of any outstanding claims and **suits** subject to that Limit; and
  - b. You will then arrange to assume control of the defense of all such claims and **suits** against you or any other insured when our right or duty to defend them ends.
5. We will assist the insured in the transfer of control of the defense of claims and **suits** under 4.a. or b. above. Until such arrangements are completed, we will take on behalf of any insured those steps that we think appropriate:
  - a. To avoid a default in any claim or **suit**; or
  - b. To the continued defense of a claim or **suit**.
 You agree that if we take such steps:
  - a. We do not waive or give up any of our rights under this insurance; and
  - b. You will reimburse us for any **defense expense** that arises out of such steps if the applicable Limit of Insurance available has been used up.

#### SECTION III - Limits of Insurance

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay under the terms of this insurance regardless of the number of:
  - a. Insureds;
  - b. Claims made or **suits** brought; or
  - c. Persons or organizations making claims or bringing **suits**.
2. The Limit of Insurance stated as the General Aggregate Limit is the most we will pay for damages other than damages because of **injury** or damage:
  - a. Included within the **products-completed operations hazard**; or
  - b. Arising out of the ownership, operation, maintenance, use, loading, unloading, or entrustment to others of an auto.
 Each payment we make for such damages reduces, by the amount of the payment, the General Aggregate Limit. This reduced limit will then be the Limit of Insurance available for damages of these kinds.
3. The Limit of Insurance stated as the Products-Completed Operations Aggregate Limit is the most we will pay for damages because of **injury** or damage included in the **products-completed operations hazard**.
 Each payment we make for such damages reduces, by the amount of the payment, the Products-Completed Operations Aggregate Limit. This

reduced limit will then be the Limit of Insurance available for damages of these kinds.

4. Subject to 2. or 3. above, whichever applies, or with respect to **injury** or damage arising out of the ownership, operation, maintenance, use, loading, unloading, or entrustment to others of an auto, the Limit - Per Incident is the most we will pay for the sum of damages because of all **injury** and damage arising out of any one **incident**.
5. The Limits of this policy apply separately to each consecutive annual period and to any remaining period of *less* than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limit of Insurance.

#### SECTION IV - Conditions

If any of the following conditions are contrary to Conditions contained in the **underlying insurance**, the provisions contained in this policy apply.

1. Appeals
 

In the event the **underlying insurer** elects not to appeal a judgment in excess of the limits of the **underlying insurance**, we may elect to make such appeal. If we so elect, we shall be liable, in addition to the applicable Limit of Insurance, for all **defense expenses** we incur.
2. Bankruptcy
  - a. In the event of bankruptcy or insolvency of any **underlying insurer**, the insurance afforded by this policy shall not replace such **underlying insurance** but shall apply as if the **underlying insurance** was valid and collectible.
  - b. Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this policy.
3. Duties in the Event of **Incident**, Claim or **Suit**
  - a. You must see to it that we are notified as soon as practicable of an **incident** or an offense which may result in a claim to which this insurance applies. To the extent possible notice should include:
    - 1) How, when and where the **incident** took place;
    - 2) The names and addresses of any injured persons and witnesses; and
    - 3) The nature and location of any **injury** or damage arising out of the **incident**.
 Notice of an **incident** is not notice of a claim.
  - b. If a claim is made or **suit** is brought against any insured you must:
    - 1) Immediately record the specifics of the claim or **suit** and the date received; and
    - 2) Notify us as soon as practicable.
 You must see to it that we receive written notice of the claim or **suit** as soon as practicable.

- c. You and any other involved insured must:
- 1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or **suit**;
  - 2) Authorize us to obtain records and other information;
  - 3) Cooperate with us in the investigation, settlement or defense of the claim or **suit**;
  - 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; and
  - 5) Notify us immediately of any judgment or settlement of any claim or **suit** brought against any insured.
- d. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.
4. Legal Action Against Us
- No person or organization has a right under this policy:
- a. To join us as a party or otherwise bring us into a **suit** asking for damages from an insured; or
  - b. To sue us on this policy unless all of its terms have been fully complied with.
- A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial, but we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the Limits of Insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.
5. Maintenance of **Underlying Insurance**
- a. You agree to maintain the **underlying insurance** in full force and effect during the term of this policy, and to inform us within 30 days of any replacement of that **underlying insurance** by the same or another company.
  - b. You must notify us immediately of any changes to the **underlying insurance**. We may adjust our premium accordingly from the effective date of the change to the **underlying insurance**.
  - c. You must notify us immediately in the event that any **underlying insurance** is cancelled or not renewed and not replaced. We will not be liable under this insurance for more than we would have been liable if that **underlying insurance** had not been terminated.
  - d. Reduction or exhaustion of the **aggregate limit** of any **underlying insurance** by payments for judgments, settlements or **defense expense** will not be a failure to maintain **underlying insurance** in full force and effect.
  - e. No statement contained in this Condition limits our right to cancel or not renew this policy.

6. Other Insurance
- This insurance is excess over any other valid and collectible insurance whether written on a primary, excess, contingent or any other basis, except other insurance written specifically to be excess over this insurance. Since 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 may undertake to do so; but we will be entitled to the insured's right against all those other insurers.
7. Policy Period
- This insurance will respond to **injury** or damage that occurs, or arises from an offense committed, during the policy period of this insurance shown in the Declarations.
8. 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.
9. Separation of Insureds
- Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this policy to the first Named Insured, this insurance applies:
- a. As if each Named Insured were the only Named Insured; and
  - b. Separately to each insured against whom claim is made or **suit** is brought.
10. Transfer of Rights of Recovery Against Others to Us
- If the insured has rights to recover all or part of any payment we have made under this policy, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring **suit** or transfer those rights to us and help us enforce them.

#### SECTION V - Definitions

The definitions applicable to the **underlying insurance** also apply to this insurance. However, if any of the following definitions are contrary to definitions contained in the **underlying insurance**, the provisions contained in this policy apply.

1. **Advertising injury** means **injury** arising out of one or more of the following offenses:
  - a. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
  - b. Oral or written publication of material that violates a person's right of privacy;
  - c. Misappropriation of advertising ideas or style of doing business; or
  - d. Infringement of copyright, title or slogan.

2. **Aggregate limit** means the maximum amount stated in the policy for which the insurer will be liable, regardless of the number of covered claims.
3. **Bodily injury** means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
4. **Coverage territory** means anywhere in the world if the insured's responsibility to pay damages is determined in a **suit** on the merits in the United States of America (including its territories and possessions), Puerto Rico and Canada or in a settlement we agree to.
5. **Defense expense** means payments allocated to a specific claim or **suit** for its investigation, settlement, or defense, including:
  - a. Attorney fees and all other litigation expenses;
  - b. The cost of bonds to appeal a judgment or award in any **suit** we defend;
  - c. Up to \$250 for the cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which **bodily injury** liability coverage under this insurance applies;
  - d. The cost of bonds to release attachments, but only for bond amounts within the Limit of Insurance available;
  - e. Reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or **suit**, including actual loss of earnings up to \$100 a day because of time off from work;
  - f. Costs taxed against the insured in the **suit**; and
  - g. Interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the amount available for the judgment under the provisions of SECTION III - Limits of Insurance.

**Defense expense** does not include:

  - a. Salaries and expenses of our employees or the insured's employees, other than:
    - 1) That portion of our employed attorneys' fees, salaries and expenses allocated to a specific claim or **suit**; and
    - 2) The expenses described in e. above.
  - b. Fees and expenses of independent adjusters we hire.
6. **Incident** means:
  - a. With respect to **bodily injury** to persons other than your employees and **property damage**, an accident, including continuous or repeated exposure to substantially the same general harmful conditions;
  - b. With respect to **bodily injury** to your employees arising out of and in the course of their employment by you, the accident or disease which causes the **bodily injury**; and
  - c. With respect to offenses committed by the insured resulting in **personal injury** or **advertising injury** other than **bodily injury**, all such **injury** sustained by any one person or organization.
7. **Impaired property** means tangible property, other than **your product** or **your work**, that cannot be used or is less useful because:
  - a. It incorporates **your product** or **your work** that is known or thought to be defective, deficient, inadequate or dangerous; or
  - b. You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by:

  - a. The repair, replacement, adjustment or removal of **your product** or **your work**; or
  - b. Your fulfilling the terms of the contract or agreement.
8. **Injury** means **bodily injury**, **property damage**, **advertising injury** or **personal injury**.
9. **Occurrence** means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
10. **Occurrence limit** means any specific limit, other than an **aggregate limit**, applicable to any **underlying insurance**, regardless of whether such limit is subject to an **aggregate limit** in the **underlying policy**.
11. **Personal injury** means **injury** other than **bodily injury**, arising out of one or more of the following offenses:
  - a. False arrest, detention or imprisonment;
  - b. Malicious prosecution;
  - c. 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 by or on behalf of its owners, landlords or lessors;
  - d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
  - e. Oral or written publication of material that violates a person's right of privacy, arising out of the conduct of your business, excluding advertising, publishing, broadcasting or telecasting done by or for you.
12. a. **Products-completed operations hazard** includes all **bodily injury** and **property damage** occurring away from premises you own or rent and arising out of **your product** or **your work** except:
  - 1) Products that are still in your physical possession; or
  - 2) Work that has not yet been completed or abandoned.



- b. **Your work** will be deemed completed at the earliest of the following times:
    - 1) When all of the work called for in your contract has been completed; or
    - 2) When all of the work to be done at the site has been completed if your contract calls for work at more than one site; or
    - 3) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.
  - c. **Products-completed operations hazard** does not include **bodily injury** or **property damage** arising out of:
    - 1) The transportation of property, unless the **injury** or damage arises out of a condition in or on a vehicle created by the loading or unloading of it; or
    - 2) The existence of tools, uninstalled equipment or abandoned or unused materials.
13. **Property damage** means:
- a. Physical injury to tangible property, including all resulting loss of use of that property. 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.
14. **Suit** means a civil proceeding in which damage because of **bodily injury**, **property damage**, **personal injury** or **advertising 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 you submit with our consent.
15. **Underlying insurance** means the liability insurance coverage provided under policies shown in the Declarations, for the limits and periods indicated. It includes any policies issued to replace those policies during the term of this insurance that provide:
- a. At least the same policy limits; and
  - b. The same hazards insured against, except as modified by general program revisions or as agreed to by us in writing.
16. **Underlying insurer** means any insurer who issues a policy of **underlying insurance**.
17. **Underlying policy** means a policy providing **underlying insurance**.
18. **Your product** means:
- a. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
    - 1) You;
    - 2) Others trading under your name; or
    - 3) A person or organization whose business or assets you have acquired; and
  - b. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.
- Your product** includes warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of **your product**, included in a. or b. above, and the providing of or failure to provide warnings or instructions.
- Your product** does not include vending machines or other property rented to or located for the use of others but not sold.
19. **Your work** means:
- a. Work or operations performed by you or on your behalf; and
  - b. Materials, parts or equipment furnished in connection with such work or operations.
- Your work** includes warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of **your work**, included in a. or b. above, and the providing of or failure to provide warnings or instructions.

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

## **FUNGI OR BACTERIA EXCLUSION**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL ADVANTAGE EXCESS LIABILITY COVERAGE PART**

**A.** The following exclusion is added to Paragraph 2., **Exclusions of SECTION I – Coverages, Excess Liability Coverage:**

**h. Fungi or Bacteria**

- 1) Bodily Injury or property damage** which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any **fungi** or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

This exclusion does not apply to any **fungi** or bacteria that are, are on, or are contained in, a good or product intended for consumption.

- 2) Personal and advertising injury** which would not have taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any **fungi** or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.
- 2)** Any loss, cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, **fungi** or bacteria, by any insured or by any other person or entity.

**B.** The following is added under **SECTION II – DEFENSE OF CLAIMS OR SUITS:**

- 6.** This insurance does not apply to:

**Fungi or Bacteria**

- a. Bodily Injury or property damage** which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any **fungi** or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

This exclusion does not apply to any **fungi** or bacteria that are, are on, or are contained in, a good or product intended for consumption.

- b. Personal and advertising injury** which would not have taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any **fungi** or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.
- b.** Any loss, cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, **fungi** or bacteria, by any insured or by any other person or entity.

**C.** The following definition is added to **SECTION V - Definitions:**

**Fungi** means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by **fungi**.

**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 ADVANTAGE EXCESS LIABILITY COVERAGE**

- A.** If aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.
- "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:
- 1.** The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
  - 2.** The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
- B.** The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Coverage Part.

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

## **EXCLUSION OF PUNITIVE DAMAGES RELATED TO A CERTIFIED ACT OF TERRORISM**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL ADVANTAGE EXCESS LIABILITY COVERAGE**

**A. The following exclusion is added:**

This insurance does not apply to:

**TERRORISM PUNITIVE DAMAGES**

Damages arising, directly or indirectly, out of a "certified act of terrorism" that are awarded as punitive damages.

**B. The following definition is added:**

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

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and

2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

**C. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Coverage Part.**

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

## **WAR LIABILITY EXCLUSION**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL ADVANTAGE EXCESS LIABILITY COVERAGE PART**

**A. The following is added under SECTION I – Coverages, 2. Exclusions:**

This insurance does not apply to:

**War**

**Injury**, however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;  
or
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

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

## **CONDITIONAL EXCLUSION OF TERRORISM (RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT)**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL ADVANTAGE EXCESS LIABILITY COVERAGE**

#### **A. Applicability Of The Provisions Of This Endorsement**

1. The provisions of this endorsement will become applicable commencing on the date when any one or more of the following first occurs. But if your policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your policy begins.

a. The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act has terminated with respect to the type of insurance provided under this Coverage Part; or

b. A renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:

(1) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or

(2) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or

(3) Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this policy.

2. If the provisions of this endorsement become applicable, such provisions:

a. Supersede any terrorism endorsement already endorsed to this policy that addresses "certified acts of terrorism" and/or "other acts of terrorism", but only with respect to an incident(s) of terrorism (however defined) which results in injury or damage that occurs on or after the date when the provisions of this endorsement become applicable (for claims made policies, such an endorsement is superseded only with respect to an incident of terrorism (however defined) that results in a claim for injury or damage first being made on or after the date when the provisions of this endorsement become applicable); and

b. Remain applicable unless we notify you of changes in these provisions, in response to federal law.

3. If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this policy, that addresses "certified acts of terrorism" and/or "other acts of terrorism", will continue in effect unless we notify you of changes to that endorsement in response to federal law.

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

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

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

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

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

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

b. When one or both of the following applies:

- (1) The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
- (2) It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

2. "Any injury or damage" means any injury or damage covered under any Coverage Part or underlying insurance to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage", "personal and advertising injury", "injury" or "environmental damage" as may be defined in any applicable Coverage Part or underlying insurance.

C. The following exclusion is added:

#### **EXCLUSION OF TERRORISM**

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

1. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
3. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or

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

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

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

- a. Physical injury that involves a substantial risk of death; or
- b. Protracted and obvious physical disfigurement; or
- c. Protracted loss of or impairment of the function of a bodily member or organ.

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

With respect to this Exclusion, Paragraphs **C.5.** and **C.6.** describe the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Part.

In the event of any incident of "terrorism" that is not subject to this Exclusion, coverage does not apply to "any injury or damage" that is otherwise excluded under this Coverage Part.

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

## **LIQUOR LIABILITY EXCLUSION**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL ADVANTAGE EXCESS LIABILITY COVERAGE PART**

The following is added to Paragraph **2. Exclusions** of **SECTION I – Coverages**:

- h.** This insurance does not apply to any **injury** for which any insured may be held liable by reason of:
- (1)** Causing or contributing to the intoxication of any person;
  - (2)** The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol;
  - (3)** Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

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; or
- (3)** Serve or furnish alcoholic beverages without a charge, if a license is required for such activity.



POLICY NUMBER: 44-PB-000469270-11

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

## **EXCLUSION – ACCESS OR DISCLOSURE OF CONFIDENTIAL OR PERSONAL INFORMATION**

This endorsement modifies insurance provided under the following:

COMMERCIAL ADVANTAGE EXCESS LIABILITY COVERAGE PART

The following is added to Paragraph 2. **Exclusions of  
Section I – Coverages:**

### **2. Exclusions**

Insurance provided under this Coverage Part does not apply to:

#### **Access Or Disclosure Of Confidential Or Personal Information**

**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.

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

## **BLANKET BUILDING COVERAGE**

This endorsement modifies insurance provided under the following:

COMMERCIAL ADVANTAGE POLICY

The following is added to Paragraph **C. Limits Of Insurance** in **Section I - Property**:

**5. Blanket Building Limit**

The Limit of Insurance for Buildings is the Blanket Limit or the sum total of the building values covering all Buildings at all locations scheduled on this policy.

This endorsement does not change, alter or modify any coverage or increase any coverage limit. No other coverages, Additional Coverages or Coverage Extensions shall be included in the Blanket Limit for Buildings nor shall they be in any way applied on a blanket basis.

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

## **FUNGUS, WET ROT, DRY ROT AND BACTERIA EXCLUSION (PROPERTY)**

This endorsement modifies insurance provided under the following:

COMMERCIAL ADVANTAGE POLICY

The following provisions apply to **Section I – Property**:

### **A. Fungi Or Bacteria Exclusions**

1. Paragraph **A.5.q.(4)** of the **Additional Coverage – Ordinance Or Law** is replaced by the following:

**(4)** Under this Additional Coverage, we will not pay for:

- (a)** The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungi," wet or dry rot or bacteria; or
- (b)** Any costs associated with the enforcement of an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants," "fungi," wet or dry rot or bacteria.

2. The following exclusion is added to Paragraph **B.1., Exclusions**:

#### **h. "Fungi," Wet Rot, Dry Rot And Bacteria**

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

But if "fungi," wet or dry rot or bacteria result in a "specified cause of loss," we will pay for the loss or damage caused by that "specified cause of loss."

This exclusion does not apply when "fungi," wet or dry rot or bacteria result from fire or lightning.

3. Paragraph **B.2.m.(2)** of the **Exclusions** is replaced by the following:

**(2)** Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

4. The following applies to Business Income and/or Extra Expense Coverage only if the suspension of "operations" satisfies all the terms and conditions of the applicable **Business Income, Business Income From Dependent Properties** and/or **Extra Expense - Additional Coverages**.

- a.** If the loss which resulted in "fungi," wet or dry rot or bacteria does not in itself necessitate a suspension of "operations," but such suspension is necessary due to loss or damage to property caused by "fungi," wet or dry rot or bacteria, then our payment under the Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
- b.** If a covered suspension of "operations" was caused by loss or damage other than "fungi," wet or dry rot or bacteria, but remediation of "fungi," wet or dry rot or bacteria prolongs the "period of restoration," we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

### **B. Fungi Definition**

The following definition is added to Paragraph **H. Property Definitions**:

"Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

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

## **FUNGI OR BACTERIA EXCLUSION (LIABILITY)**

This endorsement modifies insurance provided under the following:

COMMERCIAL ADVANTAGE POLICY

The following provisions are added to **Section II – Liability**:

**A. The following exclusion is added to Paragraph B.1., Exclusions – Applicable To Business Liability Coverage:**

**y. Fungi or Bacteria**

- (1)** "Bodily injury," "property damage" or "personal and advertising injury" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.
- (2)** Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for bodily consumption.

**B. The following definition is added Paragraph F. Liability And Medical Expenses Definitions:**

"Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or by-products produced or released by fungi.

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

## **HIRED AUTO LIABILITY ENDORSEMENT**

This endorsement modifies insurance provided under the following:

COMMERCIAL ADVANTAGE POLICY

**Section II – Liability** is amended as follows:

**A. Paragraph A.1. Business Liability** is amended to add the following:

**h. Hired Auto Liability**

The insurance provided under Paragraph **A.1. Business Liability**, Paragraphs **a.** through **f.**, applies to "bodily injury" or "property damage" arising out of the maintenance or use of a "hired auto" by you or your "employee" in the course of your business. The insurance provided by this endorsement is excess over any primary insurance covering the "hired auto".

**B. For insurance provided by this endorsement:**

1. The exclusions, under the Paragraph **B.1. Applicable To Business Liability Coverages**, other than Exclusions **d. Contractual Liability**, **o. Expected Or Intended Injury**, **s. Pollution**, **w. War** and **x. Workers' Compensation And Similar Laws** and the Nuclear Energy Liability Exclusion, are deleted and replaced by the following:

**a. "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 injury.

This exclusion does not apply to:

- (1) Liability assumed by the insured under an "insured contract"; or

- (2) "Bodily injury" arising out of and in the course of domestic employment by the insured unless benefits for such injury are in whole or in part either payable or required to be provided under any workers compensation law.

**b. "Property damage" to:**

- (1) Property owned or being transported by, or rented or loaned to the insured; or

- (2) Property in the care, custody or control of the insured.

2. Paragraph **C. Who Is An Insured** is replaced by the following:

1. Each of the following is an insured under this endorsement to the extent set forth below:

**a.** You;

**b.** Any other person using a "hired auto" with your permission; and

**c.** Any other person or organization, but only for their liability because of acts or omissions of an insured under **a.** or **b.** above.

**2. None of the following is an insured:**

- a.** Any person engaged in the business of his or her employer for "bodily injury" to any co-"employee" of such person injured in the course of employment, or to the spouse, child, parent, brother or sister of that co-"employee" as a consequence of such "bodily injury", or for any obligation to share damages with or repay someone else who must pay damages because of the injury;
- b.** Any partner or "executive officer" for any "auto" owned by such partner or officer or a member of his or her household;
- c.** Any person while employed in or otherwise engaged in duties in connection with an "auto business", other than an "auto business" you operate;
- d.** The owner or lessee (of whom you are a sublessee) of a "hired auto"; or
- e.** Any person or organization for the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

**C. The following additional definition applies:**

"Hired Auto" means any "auto" you lease, hire, rent or borrow. This does not include any "auto" you lease, hire or borrow from any of your "employees," your partners or your "executive officers" or members of their households.

**EMPLOYMENT PRACTICES LIABILITY INSURANCE COVERAGE PART**  
**CLAIMS FIRST MADE AND REPORTED**  
**SCHEDULE - STANDARD**

**THIS IS A CLAIMS MADE AND REPORTED COVERAGE PART. SUBJECT TO ITS TERMS, THIS COVERAGE PART APPLIES ONLY TO ANY CLAIM FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD OR THE EXTENDED REPORTING PERIOD, IF APPLICABLE, PROVIDED SUCH CLAIM IS REPORTED IN WRITING TO THE UNDERWRITERS IN ACCORDANCE WITH THIS COVERAGE PART. AMOUNTS INCURRED AS DEFENSE COSTS SHALL REDUCE AND MAY EXHAUST THE APPLICABLE LIMITS OF INSURANCE AND ARE SUBJECT TO THE APPLICABLE SELF INSURED RETENTION. THE UNDERWRITERS SHALL NOT BE LIABLE FOR ANY DEFENSE COSTS OR FOR ANY JUDGMENT OR SETTLEMENT AFTER THE LIMITS OF INSURANCE HAVE BEEN EXHAUSTED. PLEASE READ THIS COVERAGE PART CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.**

Insurance is provided by: **American Hallmark Insurance Company of Texas**

Coverage Part Number: **44-PB-000469270-11**

**1. NAMED INSURED: KRYSTAL VILLA II ASSOCIATION**

☐ Individual    ☐ Partnership    ☐ Corporation    ☐ Joint Venture    ☒ Other

**2. COVERAGE PART PERIOD:**    **04/19/2022**    at 12:01AM.  
(Standard Time at YOUR address shown below).

**3. ADDRESS:**  
**PO BOX 610**  
**Ketchum, ID 83340**

**4. LIMITS OF INSURANCE (INCLUDES COST OF DEFENSE):**

<b>a) Each Insured Event Limit</b>	<b>\$100,000</b>
<b>b) Aggregate LIMITS OF INSURANCE</b>	<b>\$100,000</b>

**5. SELF INSURED RETENTION (INCLUDES COST OF DEFENSE):**

Any One Insured Event	<b>\$5,000</b>
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**6. PRIOR KNOWLEDGE DATE**    **04/19/2013**

**7. RETROACTIVE DATE:**    **04/19/2013**    at 12:01AM.

**8. PREMIUM:**    **\$271**  
Rating Basis (Number of Employees): **4**    Rate: **67.69**

**9. AUTHORIZED REPRESENTATIVES:**

(If no entry appears above, information required to complete this schedule will be shown in the Declarations as applicable to this schedule.)

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

**EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA  
(INCLUDING FOOD CONTAMINATION  
BUSINESS INCOME EXCEPTION)**

This endorsement modifies insurance provided under the following:

COMMERCIAL ADVANTAGE POLICY

The following provisions apply to **Section I – Property**:

- A.** The exclusion set forth in Paragraph **B.** applies to all coverage under **Section I – Property** in all forms and endorsements that comprise this Policy, except as provided in Paragraph **C.** This includes but is not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B.** We will not pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.
- C.** However, the exclusion in Paragraph **B.** does not apply to the following:
  - 1.** Loss or damage caused by or resulting from “fungi,” wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Policy; or
  - 2.** Coverage otherwise provided under the Food Contamination Additional Coverage in Enhanced Coverages for Food Specialty Shops **CBP 005** (if that endorsement is attached to this Policy).
- D.** With respect to any loss or damage subject to the exclusion in Paragraph **B.**, such exclusion supersedes any exclusion relating to “pollutants.”
- E.** The following provisions, if included in any form or endorsement in this Policy, are hereby amended to remove reference to bacteria:
  - 1.** Exclusion of “Fungi,” Wet Rot, Dry Rot And Bacteria; and
  - 2.** Additional Coverage – Limited Coverage For “Fungi,” Wet Rot, Dry Rot And Bacteria.
- F.** The terms of the exclusion in Paragraph **B.**, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Policy.



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

## **EXCLUSION OF PUNITIVE DAMAGES RELATED TO A CERTIFIED ACT OF TERRORISM**

This endorsement modifies insurance provided under the following:

COMMERCIAL ADVANTAGE POLICY

The following provisions are added to **Section II – Liability** of the Commercial Advantage Policy:

**A.** The following exclusion is added:

This insurance does not apply to:

**TERRORISM PUNITIVE DAMAGES**

Damages arising, directly or indirectly, out of a "certified act of terrorism" that are awarded as punitive damages.

**B.** The following definition is added:

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

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

**C.** The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Policy.

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

## **ORDINANCE OR LAW COVERAGE**

This endorsement modifies insurance provided under the following:

COMMERCIAL ADVANTAGE POLICY

**Section I – Property** is amended as follows:

All references to the additional coverage, **q. Ordinance Or Law**, under **A.5. Additional Coverages** are deleted. The following provisions are added to this policy:

**A. Coverage**

**1. Coverage A – Coverage For Loss to the Undamaged Portion of the Building**

If a Covered Cause of Loss occurs to the Covered Property Building shown in the Declarations, we will pay for loss or damage to the undamaged portion of the building caused by enforcement of any ordinance or law that:

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

Coverage A is included within the Limit of Insurance for the Covered Cause of Loss applicable to the Covered Building Property shown in the Declarations. This is not additional insurance.

**2. Coverage B – Demolition Cost Coverage**

If a Covered Cause of Loss occurs to Covered Building Property shown in the Declarations, we will pay the cost to demolish and clear the site of undamaged parts of the property caused by enforcement of building, zoning or land use ordinance or law.

Coverage B is included within the Limit of Insurance for the Covered Cause of Loss applicable to the Covered Building Property shown in the Declarations. This is not additional insurance.

**3. Coverage C – Increased Cost of Construction Coverage**

If a Covered Cause of Loss occurs to Covered Building Property shown in the Declarations, we will pay for the increased cost to repair, rebuild or construct the property caused by enforcement of building, zoning or land use ordinance or law. If the property is repaired or rebuilt it must be intended for similar occupancy as the current property, unless otherwise required by zoning or land use ordinance or law. However, we will not pay for the increased cost of construction if the building is not repaired or replaced.

Coverage C is included within the Limit of Insurance for the Covered Cause of Loss applicable to the Covered Building Property shown in the Declarations. This is not additional insurance.

**B. We will not pay under Coverage A, B, or C of this endorsement for:**

1. Enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by “pollutants” or due to the presence, growth, proliferation, spread or any activity of “fungi,” wet or dry rot or bacteria; or
2. The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of “pollutants,” “fungi,” wet or dry rot or bacteria.

## C. Loss Payment

### 1. Under **Coverage A – Coverage for Loss to the Undamaged Portion of the Building**:

- a. If the property is repaired or replaced, on the same premises, we will not pay more for loss or damage to Covered Property, including loss caused by enforcement of an ordinance or law, than the lesser of:
  - (1) The amount you actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
  - (2) The Limit of Insurance for the Covered Cause of Loss applicable to the Covered Building Property.
- b. If the property is not repaired or replaced, we will not pay more for loss or damage caused by the enforcement of an ordinance or law, than the lesser of:
  - (1) The actual cash value of the building at the time of loss; or
  - (2) The Limit of Insurance for the Covered Cause of Loss applicable to the Covered Building Property.

### 2. Under **Coverage B – Demolition Cost Coverage**, we will not pay more than the lesser of:

- a. The amount you actually spend to demolish and clear the site of the described premises; or
- b. The Limit of Insurance for the Covered Cause of Loss applicable to the Covered Building Property.

### 3. Under **Coverage C – Increased Cost of Construction**, we will not pay:

- a. Until the property is actually repaired or replaced, at the same premises or another premises; and
- b. Unless the repairs or replacement are made as soon as reasonably possible after the loss, not to exceed two years. We may extend this period in writing during the two years.
- c. 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 under **Coverage C** is the lesser of:
  - (1) The increased cost of construction at the same premises; or
  - (2) The Limit of Insurance for the Covered Cause of Loss applicable to the Covered Building Property.
- d. If the ordinance or law requires relocation to another premises, the most we will pay under **Coverage C** is the lesser of:
  - (1) The increased cost of construction at the new premises; or
  - (2) The Limit of Insurance for the Covered Cause of Loss applicable to the Covered Building Property.

## D. The following definition is added to Paragraph H. Property Definitions:

- 1. “Fungi” means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

## E. The terms of this endorsement apply separately to each building to which this endorsement applies.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## IDAHO AMENDATORY ENDORSEMENT (STANDARD)

This endorsement modifies insurance provided under the following:

### EMPLOYMENT PRACTICES LIABILITY INSURANCE COVERAGE PART CLAIMS FIRST MADE AND REPORTED – STANDARD

**SECTION III – COMMON POLICY CONDITIONS, including any amendments thereto, contained within the Policy do not apply to this Employment Practices Liability Insurance Coverage Part.**

1. Subparagraphs **a.** and **d.** of **D. SECTION IV. – CONDITIONS** paragraph **6. Representations** is deleted and replaced with the following:

- a. all statements in the “**Material Underwriting Information**” and any attachments as well as all other information provided to us are true and complete;
- d. in the event that any statement or representation in the “**Material Underwriting Information**” is untrue, this coverage part in its entirety shall be void at inception and of no effect whatsoever if:
  - (1) the statement or representation is fraudulent;
  - (2) the statement or representation is material either to the acceptance of the risk, or to the hazard assumed by us; or
  - (3) we in good faith would either not have issued this coverage part, or would not have issued coverage in as large an amount, or would not have provided coverage with respect to the hazard resulting in the “**Loss**”, if the true facts had been made known to us as required either by the “**Material Underwriting Information**” or otherwise; and

2. The first sentence of **D. SECTION IV. – CONDITIONS** paragraph **7. When We Do not Renew** is amended to replace reference to ‘thirty (30) days’ with a reference to ‘forty-five (45) days’ and further amended to add the following:

Notice of non-renewal shall not be required if we, or a company within our insurance group, have offered renewal or if the **Named Insured** has obtained replacement coverage or has agreed in writing to obtain replacement coverage.

3. The first paragraph of **D. SECTION IV. – CONDITIONS** paragraph **8. Cancellation** is deleted and replaced with the following:

You may only cancel this coverage part by mailing to us written notice stating when, after our receipt of such notice, such cancellation shall be effective. If this coverage part has been in effect sixty (60) days or less and is not a renewal, we may cancel this coverage part for any reason by mailing or delivering written notice of cancellation to the **Named Insured** at the address shown in the Schedule at least thirty (30) days before the effective date of cancellation. In the event of non-payment of **Premium** and this coverage part has been in effect sixty (60) days or less and is not a renewal, we may cancel this coverage part ten (10) days before the effective date of cancellation.

If this coverage part has been in effect more than sixty (60) days or is a renewal, we may cancel this coverage part for any of the following reasons:

1. nonpayment of **Premium**;
2. fraud or material misrepresentation made by or with the knowledge of the **Named Insured** in obtaining this coverage part, continuing this coverage part, or in presenting a claim under this coverage part;
3. activities or omissions on the part of the **Named Insured** which increase any hazard insured against, including a failure to comply with loss control recommendations;
4. change in the risk which materially increases the risk of "**Loss**" after insurance coverage has been issued or renewed including, but not limited to, an increase in exposure to regulation, legislation or court decision;
5. loss or decrease of our reinsurance covering all or part of the risk or exposure by this coverage part;
6. determination by the Director that the continuation of this coverage part would jeopardize our solvency or would place us in violation of the insurance laws of this state or any other state; or
7. violation or breach by an **Insured** of any coverage part terms or conditions other than nonpayment of **Premium**.

If we cancel this coverage part for the reason set forth in item 1. above, we will mail or deliver written notice of cancellation to the **Named Insured** at the address shown in the Schedule at least ten (10) days prior to the effective date of the cancellation. If delivered via United States mail, the ten (10) day notification period shall begin to run five (5) days following the date of postmark. If we cancel this coverage part for any of the reasons set forth in items 2., 3., 4., 5., 6., or 7. above, we will mail or deliver written notice of cancellation to the **Named Insured** at the address shown in the Schedule at least thirty (30) days before the effective date of cancellation. The **Named Insured** may request the reasons for cancellation if:

1. the request is made in writing, and
2. the **Named Insured** agrees in writing to hold us harmless from liability for any communication giving notice of or specifying the reasons for the cancellation or for any statement made in connection with an attempt to discover or verify the existence of conditions which would be a reason for the cancellation.

5. **D. SECTION IV. – CONDITIONS** paragraph 12. **Increases in Premium or Changes in Coverage** is added and shall read as follows:

**12. Increases in Premium or Changes in Coverage**

- a. If the total **Premium** for this coverage part increases greater than ten percent (10%) as a result of a comparable increase in **Premium** rates, or includes changes in deductibles, reductions in limits, or reductions in coverages, we will mail or deliver written notice to the **Named Insured** at the address shown in the Schedule at least thirty (30) days prior to the expiration date of this coverage part.
- b. Proof of mailing shall be sufficient proof of notice.

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

## **IDAHO CHANGES – CANCELLATION AND NONRENEWAL**

This endorsement modifies insurance provided under the following:

COMMERCIAL ADVANTAGE POLICY

**Section III – Common Policy Conditions (Applicable To Section I – Property and Section II – Liability)** is amended as follows:

**A. Paragraphs A.1. and A.2. Cancellation** are replaced by the following:

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

**2. Policies In Effect**

**a. 60 Days Or Less**

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

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium. If delivered via United States mail, the 10 day notification period begins to run 5 days following the date of postmark; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

**b. More Than 60 Days**

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

- (1) Nonpayment of premium;
- (2) Fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;
- (3) Acts or omissions on your part which increase any hazard insured against;
- (4) Change in the risk which materially increases the risk of loss after the policy has been issued or renewed including, but not limited to, an increase in exposure due to regulation, legislation or court decision;
- (5) Loss of or decrease in reinsurance which provided us with coverage for all or part of the risk insured;
- (6) A determination by the Director of Insurance that continuation of this policy would jeopardize our solvency or place us in violation of the insurance laws of Idaho or any other state; or
- (7) Violation or breach by the insured of any policy terms or conditions other than nonpayment of premium.

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

- (a) 10 days before the effective date of cancellation if we cancel for nonpayment of premium. If delivered via United States mail, the 10 day notification period begins to run 5 days following the date of postmark; or
- (b) 30 days before the effective date of cancellation if we cancel for any other reason stated in 2.b. above.

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

**L. Nonrenewal**

1. If we elect not to renew this policy, we will mail or deliver to the first Named Insured a written notice of intention not to renew at least 45 days prior to the expiration or anniversary date of the policy.
2. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
3. If notice is not mailed or delivered at least 45 days before the expiration or anniversary date of this policy, this policy will remain in effect until 45 days after notice is mailed or delivered. Earned premium for the extended period of coverage will be calculated pro rata at the rates applicable to the expiring policy.
4. We need not mail or deliver this notice if:
  - a. We have offered to renew this policy;
  - b. You have obtained replacement coverage; or
  - c. You have agreed in writing to obtain replacement coverage.
5. If notice is mailed, proof of mailing will be sufficient proof of notice.

C. The following paragraph is added:

**M. Premium Or Coverage Changes At Renewal**

1. If we elect to renew this policy, we will mail or deliver written notice of any total premium increase greater than ten (10%) which is the result of a comparable increase in premium rates, change in deductible, reduction in limits or reduction in coverage to the first Named Insured, at the last mailing address known to us.
2. Any such notice will be mailed or delivered to the first Named Insured at least 30 days before the expiration or anniversary date of the policy.
3. If notice is not mailed or delivered at least 30 days before the expiration or anniversary date of the policy, the premium, deductible, limits and coverage in effect prior to the changes will remain in effect until the earlier of the following:
  - a. 30 days after notice is given; or
  - b. The effective date of replacement coverage obtained by the first Named Insured.
4. If the first Named Insured accepts the renewal, the premium increase, if any, and other changes will be effective on and after the first day of the renewal term.
5. If the first Named Insured elects not to renew, any earned premium for the resulting extended period of coverage will be calculated pro rata at the lower of the new rates or rates applicable to the expiring policy.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

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

## **CONDOMINIUM ASSOCIATION COVERAGE**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL ADVANTAGE POLICY**

As respects coverage provided by this endorsement, the Named Insured shown on the Declarations is a "condominium" association.

**A. Paragraph A.1.a. Buildings in Section I – Property** is replaced by the following:

**a.** Building, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, outside of individual units, including outdoor fixtures;
- (3) Permanently installed:
  - (a) Machinery; and
  - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
  - (a) Fire extinguishing equipment;
  - (b) Outdoor furniture;
  - (c) Floor coverings; and
  - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering that are not contained within individual units;
- (5) If not covered by other insurance:
  - (a) Additions under construction, alterations and repairs to the building or structure;
  - (b) Materials, equipment, supplies, and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure;
- (6) Any of the following types of property contained within a unit, regardless of ownership, if your "condominium" association agreement requires you to insure it:
  - (a) Fixtures, improvements and alterations that are a part of the building or structure; and
  - (b) Appliances, such as those used for refrigerating, ventilating, cooking, dishwashing, laundering, security or housekeeping; and
- (7) All garages, storage buildings and appurtenant structures usual to your occupancy.

But Building does not include personal property owned by, used by or in the care, custody or control of a unit-owner except for personal property listed in Paragraph **A.1.a.(6)** above.

**B. Paragraph A.1.b. Business Personal Property in Section I – Property** is replaced by the following:

- b.** Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following:
- (1) Personal property owned by you or owned indivisibly by all unit-owners;
  - (2) Your interest in the labor, materials or services furnished or arranged by you on personal property of others; or
  - (3) Leased personal property which you have a contractual responsibility to insure, unless otherwise provided for under personal property of others.



Business Personal Property does not include personal property owned only by a unit-owner, unless it is in your care, custody or control as covered below.

This also includes property of others that is in your care, custody or control except as otherwise provided in Loss Payment Property Loss Condition **E.6.d.(3)(b)**.

**C. The following is added to the Loss Payment Condition in Paragraph E.6. of Section I – Property:**

If you name an insurance trustee, we will adjust losses with you, but we will pay the insurance trustee. If we pay the trustee, the payments will satisfy your claims against us.

**D. The following is added to Paragraph E. Property Loss Conditions in Section I – Property:**

**11. Unit-Owner's Insurance**

A unit-owner may have other insurance covering the same property as this insurance. This insurance is intended to be primary, and not to contribute with such other insurance.

**E. The following is added to Paragraph C.2. Who Is An Insured in Section II – Liability:**

- e.** Each individual unit-owner of the insured “condominium,” but only for liability arising out of the ownership, maintenance or repair of that portion of the premises which is not reserved for that unit-owner's exclusive use or occupancy.

**F. The following is added to Paragraph J. Transfer Of Rights Of Recovery Against Others To Us in Section III – Common Policy Conditions:**

**3. Waiver Of Rights Of Recovery**

We waive our rights to recover payment from any unit-owner of the “condominium” that is shown in the Declarations.

**G. The following definition is added to Section I - Property and Section II – Liability:**

“Condominium” means a building or buildings owned by an association, however titled, comprised of individual unit owners.

**EMPLOYMENT PRACTICES LIABILITY INSURANCE COVERAGE PART  
CLAIMS FIRST MADE AND REPORTED - STANDARD**

**NOTICE: This Coverage is Provided on a Claims Made and Reported Basis.** Except to such extent as may otherwise be provided herein, the coverage afforded under this coverage part is limited to liability for only those covered **"Claims"** that are first made against an **Insured** and reported to us in accordance with the **Duties in the Event of a Claim and Report of a Potential Claim** provisions set forth below. **LIMITS OF INSURANCE** shall be reduced and may be completely exhausted by payment of **"Defense Costs"**. The Underwriters shall not be liable for any **"Defense Costs"** or for any judgment or settlement once the **LIMITS OF INSURANCE** are exhausted by **"Defense Costs"** or otherwise. Please review the coverage afforded under this coverage part carefully and discuss the coverage hereunder with your insurance agent or broker.

The consideration for our issuing this coverage part is the payment of **Premium**; in issuing the coverage part, we have relied upon all statements made to us in the **"Material Underwriting Information"** and any attachments and all other information provided to us. The **"Material Underwriting Information"** and attachments are incorporated herein and form a part of this coverage part.

Throughout this coverage part the words **"you"** and **"your"** refer to the **Named Insured** shown in the Schedule.

Under this coverage part the words **"we"**, **"us"** and **"our"** refer to the Underwriters providing this insurance.

The word **"Insured"** means any person or organization qualifying as such under **WHO IS INSURED**.

Other words and phrases that appear in quotation marks have special meaning. Refer to **SECTION V. – DEFINITIONS**.

**READ THIS COVERAGE PART CAREFULLY TO DETERMINE THE EXTENT OF COVERAGE. IMPORTANT: THIS IS A CLAIMS FIRST MADE AND REPORTED COVERAGE WHICH INCLUDES COSTS OF DEFENSE WITHIN THE LIMITS OF INSURANCE.**

**A. SECTION I. – COVERAGES:**

**1. Insuring Agreement**

- a. We will pay **"Loss"** amounts that an **Insured** is legally obligated to pay on account of a **"Claim"** because of an **"Insured Event"** to which this coverage part applies. However, the amount we will pay is limited as described in the **LIMITS OF INSURANCE** and **Self Insured Retention** sections of this coverage part.

- b. This coverage part applies only if:

- (1) A **"Claim"** is first made against an **Insured** in accordance with **When Coverage is Provided**;
- (2) The **"Claim"** is reported in accordance with **When Coverage is Provided** and **CONDITIONS: 1. Duties in the Event of a Claim**;
- (3) A **"Claim"** is first made against an **Insured** in accordance with **Where Coverage is Provided**; and

- (4) A **"Claim"** is first made against an **Insured** based upon an **"Insured Event"** that first occurred after the **Retroactive Date** set forth in the Schedule.

- c. **Defense.** We have the right and duty to defend any **"Claim"** for an **"Insured Event"** made or brought against any **Insured** to which this coverage part applies. We have the right to choose counsel to defend a **"Claim"** that we are covering. We have no duty to provide other services or take other actions. Our duty to defend any **"Claim"** ends when the **LIMITS OF INSURANCE** that applies has been exhausted, and in such event, the **Named Insured** shall, upon notice from us, promptly take over control of the defense.

We have the right to investigate and to settle any **"Claim"** for an **"Insured Event"** in the manner and to the extent that we believe is proper. This includes the right to agree to post a notice of compliance, provided such notice does not contain an admission of liability.

You may take over control of any outstanding **"Claim"** previously reported to us only if we both agree that you should, if required under law or if a court orders you to do so.

If your **LIMITS OF INSURANCE** is exhausted, we will notify you of all outstanding **"Claims"** so that you can take over control of their defense. We will help to transfer control to you.

- d. **During the Transfer of Control.** We agree to take whatever steps are necessary to continue the defense of any outstanding **"Claim"** and avoid a default judgment during the transfer of control to you. If we do so, you agree to pay reasonable expenses that we incur for taking such steps after the **LIMITS OF INSURANCE** is exhausted.
- e. **Duty to Pay.** We have the duty to pay any **"Loss"** (after you pay the applicable **Self Insured Retention**) that results from any **"Claim"** for an **"Insured Event"** made or brought against any **Insured** to which this coverage part applies. Our duty to pay ends when the applicable **LIMITS OF INSURANCE** has been exhausted. We will not pay more than the applicable **LIMITS OF INSURANCE**.

We have the duty to pay **"Defense Costs"** incurred (after you pay the applicable **Self Insured Retention**) for the defense of any **"Claim"** that is controlled by us. Any payment of **"Defense Costs"** is included in the **LIMITS OF INSURANCE**, it is not in addition to the **LIMITS OF INSURANCE**.

## 2. Exclusions

This insurance does not apply to:

- a. **Workers' Compensation / ERISA / FLSA / NRLA / WARN / COBRA / OSHA.** This coverage part does not cover any **"Loss"** arising out of any **"Claim"** alleging violation of any: i) workers' compensation, disability benefits or unemployment compensation law, social security and other employment benefits law; ii) the Employee Retirement Income Security Act of 1974 Public Law 93-406; iii) the Fair Labor Standards Act (except the Equal Pay Act); (iv) the National Labor Relations Act; (v) the Worker Adjustment and Retraining Notification Act; (vi) the Consolidated Omnibus Budget Reconciliation Act of 1985; (vii) the Occupational Safety and Health Act; (viii) any other federal, state or local statute or law similar to any statute or law described in (i) through (vii) of this exclusion; provided, however, this exclusion shall not apply to any **"Claim"** for any actual or alleged retaliatory treatment of the claimant on account of the claimant's exercise of rights pursuant to such statute, law, rule or regulation.
- b. **Contractual Liability.** This coverage part does not cover any **"Loss"** based upon, arising out of, directly or indirectly in connection with, related to, or in any way involving any **"Claim"** any **Insured** is obligated to pay by reason of the assumption of another's liability for an **"Insured Event"** in a contract or agreement. This exclusion will not apply to liability for damages because of an **"Insured Event"** that any **Insured** would have without the contract or agreement.
- c. **Consequential Loss.** This coverage part does not cover any **"Loss"** resulting from or attributable to any allegations made by or solely for the benefit of a claimant's domestic partner, spouse, child, parent, brother or sister.
- d. **Wage and Hour Law.** This coverage part does not cover any **"Loss"** arising out of a **"Claim"** based upon, arising out of, directly or indirectly in connection with, related to or in any way alleging violation of any state or local wage and hour law. However, in the event such **"Claim"** also alleges an **"Insured Event"** otherwise covered by this coverage part, notwithstanding the provisions of section 1.c. **Defense**, and subject to all other terms, conditions and exclusion contained in this coverage part, we agree to pay loss solely for that portion of the **"Claim"** involving such **"Insured Event"**.
- e. **Stock Options.** This coverage part does not cover any **"Loss"** resulting from or attributable to stock options, including, without limitation, 1) the failure to grant stock options and/or 2) amounts attributable to unvested stock options which options did not vest because of the actual or alleged wrongful termination of an **"Employee"**.
- f. **Fraud and Collusion.** This coverage part does not cover any **"Loss"** based upon, arising out of, directly or indirectly in connection with, related to, or in any way involving any **"Claim"** alleging fraud, collusion, dishonest, criminal or malicious acts by or at the direction of an **Insured**. Without limiting the foregoing, we will pay **"Defense Costs"** incurred relating to allegations of fraud, collusion, dishonest, criminal or malicious acts to defend an innocent **Insured** named in such **"Claim"** so long as such **"Claim"** also contains allegations against that innocent **Insured** involving an **"Insured Event"** otherwise covered by this coverage part.
- g. **Prior Knowledge.** This coverage part does not cover any **"Loss"** arising out of **"Insured Events"** of which any **Insured** who is a principal, partner, officer, director, trustee, in-house counsel, **"Employee(s)"** within the HR or Risk Management department or **"Employee(s)"** with personnel and risk management responsibilities

was aware by actual knowledge of the facts or circumstances of such **"Insured Event"** prior to the **Prior Knowledge Date**, as shown in the Schedule.

- h. **Prior Notice.** This coverage part does not cover any **"Loss"** arising out of **"Insured Events"** that have been the subject of any notice given under any other policy prior to the inception date of this coverage part.
- i. **Punitive Damages.** This coverage part endorsement does not cover any **"Loss"** arising out of any fines, penalties, punitive damages, exemplary damages or any additional damages resulting from the multiplication of compensatory damages (referred to herein collectively as **'Punitive Damages'**), except that if a suit is brought against the **Named Insured** on a **"Claim"** falling within the coverage hereof, seeking both compensatory and **Punitive Damages**, then we will afford a defense to such action, without liability, however, for such **Punitive Damages**; provided further, that our obligation to provide such defense for **Punitive Damages** shall terminate when the **"Claim"** for compensatory damages in such action is terminated or paid through judgment or settlement and, in no event, shall we afford a defense for **Punitive Damages** after the **LIMITS OF INSURANCE** for compensatory damages has been paid.
- j. **Retroactive Date.** This coverage part does not cover any **"Loss"** arising out of any **"Insured Events"** that first occurred on or before the **Retroactive Date** as set forth in the Schedule. For the purposes of this exclusion, related **"Insured Events"** are excluded if the first related **"Insured Event"** took place or is alleged to have taken place prior to the **Retroactive Date**.

### 3. When Coverage is Provided

- a. This coverage part applies only to **"Claims"** arising out of an **"Insured Event"** first made or brought during the **Coverage Part Period** and which are reported to us in accordance with the coverage part's notice provisions as set forth in **CONDITIONS: 1. Duties in the Event of a Claim**. **"Claims"** are considered to be first made when it is first served or received by the **Insured**.
- b. All **"Claims"** because of **"One Insured Event"** will be considered to have been made or brought on the date that the first of those **"Claims"** was first made or brought.
- c. **Limited Reporting Period.** The thirty (30) day period after the coverage part ends, during which **"Claims"** because of **"Insured Events"** which happen or commence during the **Coverage Part**

**Period** and are reported in accordance with **SECTIONS I. and IV.** of the coverage part can be made.

- d. **Extended Reporting Period.** If you cancel this coverage part or this coverage part is non-renewed, you shall have the right to buy an Extended Reporting Period Endorsement providing an extended reporting period of up to twelve (12) months from the end of the **Coverage Part Period**, or the effective date of cancellation, whichever is earlier, in exchange for your payment of an additional **Premium**. You do not have this right, however, if we cancel for non payment of **Premium**.

The Extended Reporting Period Endorsement will not be issued unless we receive a written request for it within thirty (30) days after this coverage part is cancelled or non-renewed, nor will it take effect unless the additional **Premium** is paid within thirty (30) days after this coverage part is cancelled or non-renewed. Once that **Premium** is paid the endorsement may not be cancelled and the additional **Premium** will be fully earned.

The additional **Premium** for a twelve (12) month Extended Reporting Period will be one hundred percent (100%) of the annualized **Premium** charged for the last **Coverage Part Period**.

However, the Extended Reporting Period will not apply to any **"Claim"** if other insurance you buy covers you or would cover you if its limits of coverage had not been exhausted.

Coverage under the Extended Reporting Period is with respect to **"Claims"** first made against an insured during the **Coverage Part Period** or Extended Reporting Period and first reported by an **Insured** during the Extended Reporting Period, provided always that **"Claims"** reported during the Extended Reporting Period are limited to **"Insured Events"** which happen or commence before the original **Coverage Part Period** ends by either cancellation or non-renewal and which are otherwise covered by this coverage part.

The **LIMITS OF INSURANCE** that applies at the end of the **Coverage Part Period** is not renewed or increased and the Limits, as shown in the Schedule, shall not be increased in any way by the Limited Reporting Period or the addition of the Extended Reporting Period.

- e. If, during the **Coverage Part Period**, any of the following changes occur:
  - (1) the acquisition of an **Insured**, or of all or substantially all of its assets, by another entity, or the merger or consolidation of an

**Insured** into or with another entity such that the **Insured** is not the surviving entity; or

- (2) the obtaining by any person, entity or affiliated group of persons or entities of the right to elect, appoint or designate over fifty percent (50%) of the directors of an **Insured**

coverage under this coverage part with respect to such insured will continue in full force and effect with respect to **"Claims"** for **"Insured Events"** committed before such change, but coverage with respect to such **Insured** will cease with respect to **"Claims"** for **"Insured Events"** committed after such change.

#### 4. Where Coverage is Provided

This coverage part covers **"Claims"** made and **"Insured Events"** occurring anywhere in the United States of America (including its territories or possessions), Puerto Rico and Canada.

#### B. SECTION II. – WHO IS AN INSURED:

1. **Individual.** If you are shown in the Schedule as an individual, you and your spouse are **Insureds** but only for the conduct of a business of which you are the sole owner.
2. **Corporation.** If you are shown in the Schedule as a corporation or organization other than a partnership or joint venture, you are an **Insured**. Your stockholders are also **Insureds**, but only with respect to their liability as your stockholders.
3. **Partnership or Joint Venture.** If you are shown in the Schedule as a partnership or joint venture, you are an **Insured**. Your partners or co-venturers and their spouses are also **Insureds**, but only for the conduct of your business.

However, no person nor organization is covered for the conduct of any current or past partnership or joint venture not named in the Schedule.

4. **Other.** If you are a Limited Liability Corporation (LLC), or a Limited Liability Partnership (LLP) of the **Named Insured** and you are shown in the Schedule as **'Other'** you are an **Insured**. Your members, partners and shareholders are also **Insureds** but only with respect to the conduct of your business.
5. **"Employees".** Your **"Employees"**, executive officers, directors and your trustees are **Insureds** only for the conduct of your business within the scope of their employment. Your **"Employee's"** status as an **Insured** will be determined as of the date of the **"Discrimination"**, **"Harassment"**, **"Inappropriate Employment Conduct"**, which caused an **"Insured Event"**.
6. **Mergers and Acquisitions.** Any organization that you newly acquire, form or merge with while this

coverage part is in effect that has less than 10% of the total number of your **"Employees"** as of the inception date of this coverage part shall be an **Insured** at the time of such acquisition, merger or formation if you own at least fifty-one percent (51%) of it. Within thirty (30) days prior to the expiration of the coverage part, the insured shall give us written notice as to all such organizations. If you acquire, form or merge with any organization that has more than 10% of the total number of your **"Employees"** as of the inception date of this coverage part, such organization is also an insured if you own at least fifty-one (51%) of it; provided, however, no such organization is covered for more than forty-five (45) days or the remainder of the **Coverage Part Period**, whichever is less, from the date acquired, merged or formed unless we agree to cover such acquisition or newly formed organization within such forty-five (45) day period in consideration of an additional **Premium** to be determined by us. Notwithstanding the foregoing, any acquired or formed organization is neither covered for **"Loss"** that results from an **"Insured Event"** that happened or first commenced before the **Insured** acquired or formed it; nor for **"Loss"** covered under any other insurance.

This provision does not apply to a partnership or joint venture. Nor does it apply to any organization once it is shown in the Schedule of this coverage part.

7. **Subsidiary.** Any organization more than 50% owned by the **Named Insured** and listed in the **"Material Underwriting Information"** shall be an **Insured**.

#### C. SECTION III. – LIMITS OF INSURANCE:

1. The amount shown at Item 4.a) in the Schedule as the 'Each Insured Event Limit' is the most we will pay for **"Claims"** first made or brought during the **Coverage Part Period** for **"Loss"** that results from any **"One Insured Event"** regardless of the number of **"Claims"**.
2. The amount shown at Item 4.b) in the Schedule as the 'Aggregate **LIMITS OF INSURANCE**' is the most we will pay for the combined total of all **"Claims"** first made or brought during the **Coverage Part Period** for **"Loss"** that result from all **"Insured Events"**.

If this **Coverage Part Period** is extended, the Limits, as shown in the Schedule shall not in any way increase. For purposes of the **LIMITS OF INSURANCE**, any coverage part extension is considered to be part of and not in addition to the former **Coverage Part Period**.

#### 3. Self Insured Retention

Our obligation to pay under this coverage part applies only to covered amounts in excess of any **Self Insured Retention** amount that the **Insured** must pay, as shown in the Schedule, and the **LIMITS OF INSURANCE** will not be reduced by the amount of

such **Self Insured Retention**.

The **Self Insured Retention** amount will apply separately to each "**Claim**" made, however, it will only apply once to all "**Claims**" arising out of any "**One Insured Event**" regardless of the number of claimants who allege damages.

If, prior to terminating or demoting an "**Employee**" the **Insured** consults with and follows the advice of the EPL hotline and/or a labor law attorney approved by our Authorized Representatives, as shown in Item 9 of the Schedule, then the **Insured's Self Insured Retention** is reduced by 50% in the event the **Insured** faces a "**Claim**" involving such termination or demotion.

#### D. SECTION IV. – CONDITIONS:

We have no duty to provide coverage under this coverage part unless there has been full compliance with all the conditions contained in this coverage part.

##### 1. Duties in the Event of a Claim

a. You must see to it that we or our Authorized Representatives, as shown in the Schedule, are notified as soon as practicable but in no event more than thirty days (30) after any **Insured** who is a principal, partner, officer, director, trustee, in house counsel, "**Employee(s)**" within the HR Risk Management department or "**Employee(s)**" with personnel and risk management responsibilities, becomes aware that a "**Claim**" has been made. Your notification should include:

- (1) the identity of the person(s) alleging "**Discrimination**", "**Harassment**", "**Inappropriate Employment Conduct**";
- (2) the identity of any insured(s) who allegedly committed the "**Discrimination**", "**Harassment**", "**Inappropriate Employment Conduct**";
- (3) the identity of any witnesses to the alleged "**Discrimination**", "**Harassment**", "**Inappropriate Employment Conduct**"; and
- (4) the date(s) an "**Insured Event**" took place.

b. You and any other insured must:

- (1) Immediately send us or our Authorized Representatives, as shown in the Schedule, copies of any demands, notices, summonses or legal papers received in connection with the "**Claim**";
- (2) authorize us or our Authorized Representatives, as shown in the Schedule, to obtain statements, records and other information;
- (3) co-operate with us or our Authorized Representatives, as shown in the Schedule, in

the investigation or defense of the "**Claim**"; and

- (4) assist us or our Authorized Representatives, as shown in the Schedule, in the enforcement of any right against any person or organization which may be liable to an **Insured** because of "**Loss**" to which this coverage part may also apply.

c. No **Insured** will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent. Subsequent payments that are deemed by us as having been prejudiced by any such voluntary payment will also be the sole responsibility of the **Insured**.

##### 2. Report of a Potential Claim

Solely at an **Insured's** option, an **Insured** may within the **Coverage Part Period** report an oral complaint by an "**Employee**", former "**Employee**" or applicant for employment alleging "**Discrimination**", "**Harassment**", "**Inappropriate Employment Conduct**". If such report is received by us or our Authorized Representatives, as shown in the Schedule, within the **Coverage Part Period** then any "**Claim**" subsequently arising from such oral complaint will be deemed to be made on the date such report was received. Such report must include the identity of the person(s) making the oral complaint. In no event, however, is an **Insured** entitled to coverage under this coverage part based on a "**Laundry List Notification**".

##### 3. Legal Action Against Us

- a. No person or organization has the right under this coverage part:
  - (1) to join us as a party or otherwise bring us into a suit asking for damages from an **Insured**; or
  - (2) to sue us on this coverage part unless all of its terms have been fully complied with.
- b. A person or organization may sue us to recover on an agreed settlement or on final judgment against an **Insured** obtained after an actual trial, but we will not be liable for damages that are not payable under the terms of this coverage part or that are in excess of the applicable **LIMITS OF INSURANCE**. An agreed settlement means a settlement and release of liability signed by us, an **Insured** and the claimant's legal representative.

##### 4. Other Insurance

This coverage part shall be deemed primary insurance in connection with covered "**Claims**" by "**Employees**" against an insured because of an "**Insured Event**". In connection with any other covered "**Claim**", this coverage part shall apply in

excess of all indemnity rights of an **Insured** and in excess of any other valid or collectible insurance available to any **Insured**. Nothing herein is intended to make this coverage part subject to the terms, conditions and limitations of any other insurance, and nothing herein is intended to limit our or any **Insured's** right to contribution or indemnity from any other party, insurer or indemnitor.

## 5. Premium

- a. The **Premium** shown in the Schedule is for the **Coverage Part Period** shown in the Schedule.
- b. **Premium Audit**
  - (1) We will compute all **Premiums** for this coverage part in accordance with our rules and rates.
  - (2) **Premium** shown in this coverage part as advance **Premium** is a deposit **Premium** only. At the close of each audit period we may compute the earned **Premium** for that period and send notice to the **Named Insured**. The due date for audit and retrospective **Premiums** is the date shown as the due date on the bill. If the sum of the advance and audit **Premiums** paid for the coverage part period is greater than the earned **Premium**, we will return the excess to the first **Named Insured**.
  - (3) The first Named Insured must keep records of the information we need for **Premium** computation, and send us copies at such times as we may request.

## 6. Representations

By accepting this coverage part you agree:

- a. all statements in the "**Material Underwriting Information**" and any attachments as well as all other information provided to us are true and complete and shall be deemed material to the acceptance of the risk or the hazard assumed by us under this coverage part;
- b. those statements are based upon representations you made to us;
- c. we have issued this coverage part in reliance upon your representations;
- d. in the event that any statement or representation in the "**Material Underwriting Information**" is untrue, this coverage part in its entirety shall be void at inception and of no effect whatsoever; and
- e. to disclose any material facts you become aware of between the time that the "**Material Underwriting Information**" for this coverage part is signed and the coverage part inception date.

The truth of any statement or representation in the "**Material Underwriting Information**" shall be determined without regard to whether any insured

knew the "**Material Underwriting Information**" contained such untrue statement or representation.

## 7. When We Do Not Renew

If we decide not to renew this coverage part, we will mail or deliver to the **Named Insured** shown in the Schedule, written notice of the non-renewal not less than thirty (30) days before the expiration date.

If notice is mailed, proof of mailing will be sufficient notice of non-renewal.

## 8. Cancellation

You may only cancel this coverage part by mailing to us written notice stating when, not less than thirty (30) days thereafter such cancellation shall be effective. We may cancel this coverage part for any reason, including non-payment of **Premium**, by mailing to the **Named Insured** at the address shown in the Schedule, written notice stating when, not less than ten (10) days thereafter, such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The effective date and hour of cancellation as stated in the notice shall become the end of the **Coverage Part Period**. Delivery of such written notice shall be equivalent to mailing.

**Premium** shall be deemed fully earned if any "**Claim**" under this coverage part is reported to us on or before the date of cancellation.

If this coverage part is cancelled, earned **Premium** shall be computed pro rata. **Premium** adjustments may be made at the time cancellation becomes effective, but payment or tender of unearned **Premium** is not a condition of cancellation.

## 9. Transfer Of Rights Of Recovery Against Others to Us

If any **Insured** has rights to recover all or part of any payments we have made under this coverage part, those rights are transferred to us; the **Insured** must do nothing after a "**Loss**" to impair them. At our request, any **Insured** will bring suit or transfer those rights to us and help us to enforce them.

## 10. Bankruptcy

Bankruptcy or insolvency of any **Insured** or of an **Insured's** estate will not relieve us of our obligations under this coverage part, except as excluded in **COVERAGES: 2. Exclusions**.

## 11. False or Fraudulent Claims

If any **Insured** shall proffer any "**Claim**" knowing the same to be false or fraudulent as regards amount or otherwise, this coverage part will become void in its entirety and all coverage hereunder shall be forfeited.

## E. SECTION V. – DEFINITIONS:

1. "**Claim(s)**" means a written complaint or written charge made against an **Insured** or a written demand

made against an **Insured** in which damages are alleged or where specific charges of **"Discrimination"**, **"Harassment"**, **"Inappropriate Employment Conduct"** are brought.

**"Claim"** includes a civil action, suit or administrative proceeding, to which any **Insured** must submit or to which any **Insured** submits with our consent.

But **"Claim"** shall not mean any labor or grievance arbitration subject to a collective bargaining agreement; or any complaint, writ or other proceeding in which an **Insured** is alleged to have committed or engaged in a criminal offense or violation of a federal, state or local penal law.

2. **"Defense Costs"** means those reasonable and necessary expenses that result from the investigation, settlement or defense of a specific **"Claim"** including attorney fees and expenses, the cost of legal proceedings, the cost of appeal bonds, the cost of bonds to release property being used to secure a legal obligation (but only for bond amounts within the **LIMITS OF INSURANCE** that applies). We have no obligation to furnish any bonds.

The following are not **"Defense Costs"**: costs incurred by any **Insured** before notice is provided to us, salaries and expenses of your employees, including in-house and/or coverage attorneys, salaries and expenses of our employees, or our in-house or coverage attorneys or the fees and expenses of independent adjusters we hire.

3. **"Discrimination"** means termination of the employment relationship, a demotion, a failure or refusal to hire or promote, denial of an employment benefit or the taking of any adverse or differential employment action because of race, color, religion, age, sex, disability, pregnancy, sexual orientation, national origin, or any other basis prohibited by federal, state or local law occurring on or after the **Retroactive Date** as shown in the Schedule.

This coverage part covers retaliation **"Claims"** based on unlawful **"Discrimination"** occurring on or after the **Retroactive Date** as shown on the Schedule Page, except as excluded in **COVERAGES: 2. Exclusions**.

4. **"Employee"** means an individual whose labor or service is engaged by and directed by the **Named Insured**, or any covered entity. This includes volunteers, part time, seasonal and temporary **"Employees"** as well as any individual employed in a supervisory, managerial or confidential position. Independent contractors and sub contractors are not **"Employees"** unless they are **Dedicated Agents** or representatives of an insured. **"Employees"** who are leased to another employer are not **"Employees"**.
5. **"Harassment"** means unwelcome sexual or non-sexual advances, requests for sexual or non-sexual favors or other verbal, visual or physical conduct of a

sexual or non-sexual nature, where such harassment occurs on or after the **Retroactive Date** as shown in the Schedule and is based on a factor or category prohibited by law (including sex, race, age, national origin, disability, etc.), that (1) explicitly or implicitly are made a condition of employment, (2) are used as a basis for employment decisions, or (3) create a work environment that interferes with performance.

6. **"Inappropriate Employment Conduct"** means any of the following occurring on or after the **Retroactive Date** as shown in the Schedule:

- a. actual or constructive termination of an employment relationship in a manner which is alleged to have been against the law or wrongful or in breach of an implied employment contract or breach of the covenant of good faith and fair dealing in the employment contract;
- b. allegations of wrongful demotion, or wrongful discipline;
- c. allegations of misrepresentation made by an **"Employee"**, a former **"Employee"** or an applicant for employment which arise from an insured's employment decision to hire, fire, promote or demote;
- d. allegations of infliction of emotional distress, mental injury, mental anguish, shock, sickness, disease or disability made by an **"Employee"**, a former **"Employee"** or an applicant for employment which arise from an insured's employment decision to hire, fire, promote or demote;
- e. allegations of false imprisonment, detention or malicious prosecution made by an **"Employee"**, a former **"Employee"** or an applicant for employment which arise from the insured's an employment decision to hire, fire, promote or demote;
- f. allegations of libel, slander, defamation of character or any invasion of right of privacy made by an **"Employee"**, a former **"Employee"** or an applicant for employment which arise from an **Insured's** employment decision to hire, fire, promote or demote; or
- g. other personal injury allegations made by an **"Employee"**, a former **"Employee"** or an applicant for employment which arise from an **Insured's** employment decision to hire, fire, promote or demote.

**"Inappropriate Employment Conduct"** shall not include any allegations other than those set forth above.

7. **"Insured Event"** means actual or alleged acts of **"Discrimination"**, **"Harassment"**, and/or **"Inappropriate Employment Conduct"**, by an **Insured** against an **"Employee"** or former



**“Employee”** or applicant for employment with an **Insured** entity occurring on or after the **Retroactive Date** as shown in the Schedule. **“Insured Event”** shall not include **“Claims”** for actual or alleged violation of any federal, state or local wage and hour laws or regulations.

8. **“Laundry List Notification”** means any attempt by an **Insured** to report multiple matters under this coverage part in a summary fashion that does not comply with **CONDITIONS: 1. or 2.** By way of example, a **“Laundry List Notification”** may consist of a report by an **Insured** that lists purported potential claimants, either in the absence of a **“Claim”**, or in the absence of an oral complaint.

9. **“Loss”** means damages, judgments (including prejudgment and post judgment interest awarded against an **Insured** on that part of any judgment paid by us), settlements, we authorize or agree to, statutory attorney fees and **“Defense Costs”**.

However, **“Loss”** does not include anything specifically excluded in **COVERAGES: 2. Exclusions** or any of the following:

- a. salary or wages of the **Insured**;
- b. non-monetary relief (this provision does not apply to **“Defense Costs”** where non-monetary relief is sought for alleged **“Harassment”**, **“Discrimination”**, **“Inappropriate Employment Conduct”**);
- c. payment of insurance plan benefits by or on behalf of retired **“Employees”**, or that to which a claimant would have been entitled as an **“Employee”** had any **Insured** provided the claimant with a continuation of insurance;
- d. liquidated damages where there is a finding of willfulness;
- e. costs incurred by an **Insured** to modify or adapt any building or property in order to make such building or property more accessible or accommodating to any disabled person; costs

associated with eliminating non-essential duties from the job description of a disabled person; costs associated with providing a disabled person with reasonable workplace accommodations; and costs associated with lost productivity by an employer as the result of making a reasonable workplace accommodation for a disabled person;

- f. matters which may be deemed uninsurable according to the law under which this coverage part is construed;
  - g. amounts owed under federal, state or local wage and hour laws;
  - h. amounts owed under a contract of employment;
  - i. commissions, bonuses, profit sharing or benefits pursuant to a contract of employment, including but not limited to vacation, holiday, and/or sick pay;
  - j. severance payments or obligations to make payments;
  - k. amounts that are sought or deemed to be owed under partnership, stock or other ownership agreements;
  - l. fines, penalties and taxes; or
  - m. punitive or exemplary damages.
10. **“Material Underwriting Information”** means any documents, materials or information submitted to us for this employment practices liability coverage part.
11. **“One Insured Event”** means (1) one or more covered allegations of **“Discrimination”**, **“Harassment”** and/or **“Inappropriate Employment Conduct”** which are related by an unbroken chain of events or (2) class action or multiple claimant or multiple plaintiff suits arising out of related **“Insured Events”**.
12. **“Subsidiary”** means any organization more than 50% owned by the **Named Insured** listed in the **“Material Underwriting Information”**.

**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 ADVANTAGE POLICY

The following provisions are added to the Commercial Advantage Policy and apply to Property and Liability Coverages:

### **A. CAP ON CERTIFIED TERRORISM LOSSES**

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

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

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

- B.** The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for loss or injury or damage that is otherwise excluded under this Policy.

**THIS ENDORSEMENT CHANGES THE POLICY.**

## **PREFERRED CLAIMS-MADE CONDOMINIUM DIRECTORS AND OFFICERS LIABILITY ENDORSEMENT**

**THIS ENDORSEMENT PROVIDES CLAIMS-MADE COVERAGE.  
PLEASE READ THE ENTIRE ENDORSEMENT CAREFULLY.**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL ADVANTAGE POLICY**

This coverage expands **Section II – Liability** of your **Commercial Advantage Policy** to include civil “claims” made against “directors” and “officers” of your “condominium” association as described below. All other provisions of your policy still apply.

Throughout this endorsement 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 Paragraph **C. Who Is An Insured** of this endorsement.

Words that appear in quotation marks have special meaning. Refer to Paragraph **F. Definitions** in this endorsement or to the Paragraph **F. Liability and Medical Expenses Definitions** in **Section II - Liability**.

### **A. Insuring Agreement**

1. We will pay those sums that the insured becomes legally obligated to pay as damages because of any “claim” made against the insured caused by any “wrongful act” to which this insurance applies. We have the right and duty to defend any “suit” seeking those damages, but:
  - a. The amount we will pay for damages is limited as described in Paragraph **D. Limits Of Insurance** of this endorsement.
  - b. We will investigate any “claim” or “suit” at our discretion;
  - c. We will settle any “claim” or “suit” when we deem it expedient to do so; and
  - d. Our right and duty to defend ends when we have used up the applicable Limit of Insurance in the payment of judgments or settlements.
2. This insurance applies to “wrongful acts” committed at any time prior to the end of the policy period, but only if;
  - a. The “wrongful act” took place in the coverage territory; and
  - b. A “claim” for damages because of the “wrongful act” is first made against any insured, in accordance with paragraph 3. below, during the policy period or any Extended Reporting Period we provide under section **G – Extended Reporting Period**.
3. A “claim” by a person or organization seeking damages will be deemed to have been made at the earlier of the following times:
  - a. When notice of such “claim” is received by any insured or by us, whichever comes first; or
  - b. When we make settlement in accordance with paragraph 1. above.

All “claims” arising out of the same or related “wrongful act” will be deemed to have been made at the time the first of these “claims” is made against any insured.

4. We will cover “claims” first made against an insured after the expiration of this policy, but only if all of the following conditions are met:
  - a. The “wrongful act” occurred prior to the end of the policy period; and
  - b. The insured gives us written notice of the “wrongful act” during the policy period or within 60 days after it ends.

**B. Exclusions**

This insurance does not apply to:

1. Any "wrongful act" that is dishonest, fraudulent, criminal or malicious;
2. Discrimination or humiliation;
3. "Bodily injury," "property damage" or "personal and advertising injury";
4. "Claims" for anything other than money damages (for example: "claims" for declaratory or injunctive relief, specific performance, or restraining order/s), and any demands for attorney's fees, interest, expenses, or court costs arising out of or related to any of the aforesaid "claims".
5. "Claims" made against an insured regarding the obtaining or maintaining of insurance, including errors or negligence concerning the amount, form, conditions or provisions of that insurance;
6. Damages payable in connection with any transactions or an insured out of which that insured will gain personal profit or advantage;
7. "Claims" relating to the purchase, sale or registering of securities;
8. "Claim" made for the recovery of any unlawful payments made by the "condominium" association. An unlawful payment is a payment made without the approval of the Association Board of Directors or a payment ruled by the courts to be illegal;
9. "Claims" for damages caused by or arising out of operations (including construction, design, survey and engineering services) performed by or on behalf of the builder, sponsor, or developer of the "condominium" designated in the Declarations;
10. "Claims" based on the failure or inability of any insured to enforce your rights against the builder, sponsor or developer of the "condominium" designated in the Declarations;
11. Salary, compensation or bonuses voted to any insured by your Board of Directors;
12. A loss your "directors" and "officers" are legally obligated to pay, if we have already covered that loss by paying you for amounts you are required or permitted to pay as indemnity to them;
13. "Claims" for punitive, exemplary, multiplied or statutory damages;
14. Damages arising out of activities or operations of any "director" or "officer" who was or is the "condominium" developer and/or sponsor;
15. "Claims" made or "suits" brought prior to or pending as of the effective date of this policy, as shown in the Declarations. However, if this insurance is a renewal of the same or similar coverage provided by us, this exclusion applies to "claims" made or "suits" brought prior to or pending as of the date such continuous coverage was first provided by us;
16. Any subsequent "claims" made or "suits" brought which arise from or are based upon substantially the same matters as alleged in the pleadings of such prior or pending "claims" or "suits";
17. Any act of any insured which gave rise to such prior or pending "claims" or "suits";
18. Any "claims" or "suits" which may be reasonably anticipated as of the inception date of the policy period, as shown in the Declarations; or
19. Damages for which any insured is liable because of liability imposed on a fiduciary by the Employee Retirement Income Security Act of 1974, as now or hereafter amended, or by any similar federal, state, or local laws.

**C. Who Is An Insured**

As respects this endorsement only, insured means:

1. You, with respect to "claims" you may be required or permitted by law to pay as indemnity to any of your "directors" or "officers";
2. Your "directors" and "officers," but only in their capacity as your "director" or "officer"; and
3. Members of standing committees, with respect to "claims" that result from their duties as members of such committees.

#### D. Limits Of Insurance

1. As respects coverage provided by this endorsement only, Paragraph **2.** under **D. Liability and Medical Expenses Limits of Insurance** in **Section II – Liability** is amended to read:
  2. The most we will pay for the sum of all damages because of all:
    - a. “Bodily injury,” “property damage” and medical expenses arising out of any one “occurrence”; and
    - b. “Personal and advertising injury” sustained by any one person or organization; and
    - c. Any single “claim” made against the insured for “wrongful acts”;is the Liability and Medical Expenses limit shown in the Declarations. But the most we will pay for all medical expenses because of “bodily injury” sustained by any one person is the Medical Expenses limit shown in the Declarations.
2. As respects coverage provided by this endorsement only, Paragraph **b.** under **4. Aggregate Limits** under **D. Liability and Medical Expenses Limits Of Insurance** in **Section II – Liability** is amended to read:
  - b. All:
    - (1) “Bodily injury” and “property damage” except damages because of “bodily injury” or “property damage” included in the “products-completed operations hazard”;
    - (2) Plus medical expenses;
    - (3) Plus all “personal and advertising injury” caused by offenses committed;
    - (4) Plus “claims” made against the insured for “wrongful acts”;is twice the Liability and Medical Expenses limit.
3. Any damages incurred because of a “wrongful act” or a series of related “wrongful acts” occurring over more than one policy period shall be treated as a single “claim”. The “claim” will be subject to the Limit of Insurance in effect at the time of the first reported “wrongful act”.

#### E. Deductible

A \$1,000 deductible applies to your coverage for each “claim”. This means you will pay \$1,000 of all covered losses arising out of the same “wrongful act” or a series of related “wrongful acts”. We will pay the remainder of the covered losses up to your Limit of Insurance. We may pay any part or all of your deductible to settle any “claim” or “suit”. If we do, we will notify you, and you will promptly reimburse us for whatever portion of your deductible we have paid.

#### F. Definitions

1. “Director” or “officer” means any person who was, now is, or becomes your duly elected or appointed director or officer of your “condominium” association, and in the event of death, incompetency, insolvency or bankruptcy, the legal representative of that director or officer.
2. “Wrongful act” means:
  - a. Error or omission;
  - b. Negligence;
  - c. Breach of duty; or
  - d. Misstatement or misleading statement.
3. “Condominium” means a building or buildings owned by an association, however titled, comprised of individual unit owners.
4. “Claim” means a demand for money, the filing of a “suit,” or the institution of arbitration proceedings against any insured as the result of a “wrongful act”.

#### G. Extended Reporting Period

If this endorsement is cancelled or not renewed, an Extended Reporting Period may be purchased at your option upon payment of an additional premium.

1. The Extended Reporting Period does not extend the policy period or change the scope of coverage provided. It applies only to “claims” for “wrongful acts” that were first committed before the end of the policy period. Once in effect, the Extended Reporting Period may not be cancelled.

2. The Extended Reporting Period will be a period of 12 months. We will provide the Extended Reporting period only if the first "named insured" shown in the Declarations of this policy makes a written request for it within 60 days of the end of the policy period. The Extended Reporting Period will not go into effect unless you pay the additional premium promptly when due. The premium for the Extended Reporting Period will be 100% of the current annual premium.
3. The Extended Reporting Period does not apply to "claims" that are covered under any subsequent insurance you purchase, or that would be covered but for the exhaustion of the amount of insurance applicable to such "claims".
4. There is no separate or additional Limit of Insurance for the Extended Reporting Period. The Limit of Insurance available during the applicable Extended Reporting Period shall be the remaining amount, if any of the Aggregate Limit of Insurance available at the time this coverage was cancelled or non-renewed.

If we provide an Extended Reporting Period, the following is added to **A. Insuring Agreement**:

5. A "claim" first made during the Extended Reporting Period will be deemed to have been made on the last day of the policy period provided that the "claim" is for damages because of a "wrongful act" that occurred prior to the end of the policy period.