

Kentucky Association of Counties All Lines Fund Trust
Kentucky's Counties Working Together

Property, Liability and Defense Policy

July 1, 2019 through July 1, 2020

400 Englewood Drive
Frankfort, Kentucky 40601
(502) 223-7667

COVERAGE HAS BEEN PLACED WITH A LIABILITY SELF-INSURANCE GROUP WHICH HAS RECEIVED A CERTIFICATE OF FILING FROM THE COMMONWEALTH OF KENTUCKY. CLAIMS AGAINST GROUP MEMBERS ARE NOT COVERED BY THE KENTUCKY GUARANTY ASSOCIATION.

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The Kentucky Association of Counties All Lines Fund Trust is a self-insurance property and liability program organized by the county governments of Kentucky pursuant to KRS 65.210 et seq. through an Interlocal Cooperation Agreement. A five (5) person Board of Trustees appointed from participating members oversees the program. The Trustees as of January 2015 are:

Bobby Carpenter, Chairman

Greenup County Judge/Executive

John Wilson

Garrard County Judge/Executive

Orbrey Gritton

Anderson County Judge/Executive

Charles Kenner

Boone County Commissioner

Adam O’Nan

Union County Judge/Executive

Kentucky Association of Counties

Jim Henderson, Executive Director/CEO

Temple Juett, Director of Insurance Programs

Kris Dunn, Underwriting Manager of Insurance Programs

To report claims under this policy, please call

1-866-367-5226

Claims Administrator:

Underwriters Safety and Claims

P.O. Box 991009

Louisville, Kentucky 40269-1009

Fax: 502-489-6430

Common Policy Conditions

Throughout these Conditions the words **you** and **your** refer to the Named **Insured** shown in the Declarations, and any other person or organization qualifying as an **insured** under the applicable Coverage Form. 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 WHO IS AN INSURED of the applicable Coverage Form.

Other words and phrases that appear in **bold** have special meaning. Refer to DEFINITIONS of the applicable Coverage Form.

All Coverage Forms included in this Policy are subject to the following conditions.

A. Cancellation

1. The first Named **Insured** shown in the Declarations (**you**) may cancel this Policy by mailing or delivering to **us** advance written notice of cancellation at least sixty (60) days before the effective date of the cancellation.
2. If this Policy has been in effect for sixty (60) days or less, **we** may cancel this Policy for any reason by mailing or delivering to the first Named **Insured** written notice of cancellation, stating the reason for cancellation, at least fourteen (14) days before the effective date of cancellation.
3. **We** will mail or deliver **our** notice to **your** last mailing address known to **us**.
4. The notice of cancellation will state the effective date of the cancellation. The coverage under this Policy will end on that date.
5. If **we** cancel this Policy, **we** will send **you** any premium refund due. The refund will be pro rata. If **you** cancel, the refund may be less than pro rata, based on the unearned amount computed under the short rate table. 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.
7. Cancellation of Policies in Effect for More Than 60 Days
 - a. If this Policy has been in effect for more than sixty (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) discovery of 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) discovery of willful or reckless acts or omissions on **your** part which increase any hazard insured against;
 - (4) the occurrence of a change in the risk which substantially increases any hazard insured against after insurance coverage has been issued or renewed;
 - (5) a violation of any local fire, health, safety, building, or construction regulation or ordinance with respect to any insured property or the occupancy thereof which substantially increases any hazard insured against;
 - (6) **we** are unable to reinsure the risk covered by the Policy; or

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- (7) a determination by the commissioner that the continuation of the Policy would place **us** in violation of the Kentucky insurance code or regulations.
- b. If **we** cancel this Policy based on paragraph 7.a. above, **we** will mail or deliver a written notice of cancellation to the first Named **Insured**, stating the reason for cancellation, at least:
 - (1) 14 days before the effective date of the cancellation, if cancellation is for nonpayment of premium; or
 - (2) 75 days before the effective date of the cancellation, if cancellation is for any reason stated in 7.a.(2) through 7.a.(7) above, or nonpayment of assessment or deductible.

B. Changes

This Policy contains all the agreements between **you** and **us** concerning the insurance afforded. **You** are authorized to make changes in the terms of this Policy. No change will be effective without **our** written consent. This Policy's terms can be amended or waived only by endorsement issued by **us** and made a part of this Policy. If during the Policy Period the terms and conditions of the reinsurance for this policy change, other than the limits of the reinsurance, the change will automatically apply to this policy, so that the coverage provided by this policy will not be broader than the coverage provided by the reinsurance.

C. Examination of Your Books and Records

We may audit **your** books and records at any time during the Policy period or within five years after the Policy period. There is no time limit on auditing **your** books and records with respect to claims under this Policy.

D. Inspections and Surveys

At **our** option, **we** may

- 1. inspect or survey **your** property and operations at any time;
- 2. give **you** reports on the conditions **we** find; and
- 3. recommend changes.

This right ceases when **your** Policy ends. Any inspections, surveys, reports or recommendations 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. **We** do not warrant that conditions:

- a. are safe or healthful; or
- b. comply with laws, regulations, codes or standards.

This condition applies not only to **us**, but also to any rating, advisory, rate service or other similar organization which makes insurance inspections, surveys, reports or recommendations.

E. Premiums

The first Named **Insured**:

- 1. is responsible for the payment of all premiums; and
- 2. will be the payee for any return premiums **we** pay.

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F. Transfer of Your Rights and Duties Under This Policy

You cannot transfer any legal rights, duties or interest **you** have in this Policy without **our** prior written consent.

G. Long -Term Policy

A long-term Policy is one that ends more than one (1) year from when it begins. If **your** Policy is a long-term Policy and contains aggregate limits or annual accumulation, these limits will automatically be reinstated on July 1 of each year of the policy period.

H. Conformity With The Law

If any of the terms of this Policy, or any Coverage Form, Endorsement or other writing that forms a part of it, is in conflict with the statutes of the Commonwealth of Kentucky, the Policy is amended to conform to such statutes.

I. Nonrenewal

1. If **we** elect not to renew this Policy, **we** will mail or deliver written notice of nonrenewal stating the reason for nonrenewal, to the first Named **Insured** at the last mailing address known to **us**, at least seventy-five (75) days before the expiration date of the Policy period.
2. If notice of nonrenewal is not provided pursuant to this condition, coverage under the same terms and conditions shall be deemed to be renewed for the ensuing Policy period upon payment of the appropriate premium until **you** have accepted replacement coverage with another insurer, or until **you** have agreed to the nonrenewal.
3. If **we** mail or deliver a renewal notice to the first Named **Insured** at least thirty (30) days before the end of the Policy Period, stating the renewal premium and its due date, the Policy will terminate without further notice unless the renewal premium is received by **us** or **our** authorized agent by the due date.
4. If this Policy terminates because the renewal premium has not been received by the due date, **we** will, within fifteen (15) days, mail or deliver to the first Named Insured at its last known address, a notice that the Policy was not renewed and the date it was terminated.
5. If notice is mailed, proof of mailing is sufficient proof of notice.

J. Concealment, Misrepresentation or Fraud

This entire Policy is void if:

1. **you** have intentionally concealed or misrepresented any material fact or circumstance concerning this insurance; or
2. **you** make any attempt to defraud **us** either before or after a loss.

Willful under-reporting of anything upon which **your** premium is based will be construed as an attempt to defraud **us**.

K. Notice of Loss

We have no duty to provide coverage under this Policy unless there has

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been full compliance with the following duties:

- a. **You** and/or any person who is an **insured** under the provisions of this Policy for which an insuring obligation is asserted, must immediately provide **us** with notice of any potential claim, threatened claim, threatened suit or suit made or instituted against **you**, and/or any person who is an **insured** under the provisions of this Policy for whom an insuring obligation is asserted.
- b. Additionally, **you** and any other involved **insured** must:
 - (1) Assume no obligation, make no payment, settlement or incur no expense without **our** consent, except at the **insured's** own cost.
 - (2) Immediately send **us** copies of any request, demand, order, notice, summons or legal paper received concerning the **claim** or **suit**.
 - (3) Cooperate with **us** in the investigation or settlement of the **claim** or defense against the **suit**.

L. Sovereign Immunity

This Policy and no provision of the Policy is intended to, nor shall it constitute a waiver or abrogation of the defense of governmental or sovereign immunity by an **insured**, or of any other right, privilege or defense available to any **insured**. All rights, privileges or defenses of any **insured** are hereby retained and reserved.

M. Liberalization

We may broaden **your** protection under this Policy by issuing endorsements. If these changes would broaden **your** protection without increasing **your** premium, **you** will receive the broader coverage.

N. Legal Action Against Us

You may not bring any suit or legal action against **us** to recover a claim unless the terms of this Policy have been complied with. Nor can suit be brought against **us** until the amount of a claim against **you** has been determined or agreed upon. Venue for any suit or legal action brought by **you** against **us** or by **us** against **you** concerning **our** duties and obligations to **you** hereunder or otherwise by operation of law shall only be commenced in the courts of the Commonwealth of Kentucky sitting in Franklin County, Kentucky. Any suit or legal action brought by **you** against **us** must be commenced within twelve (12) months of the date that the amount of the claim against you has been determined or agreed upon.

Nothing in this Policy gives any person or organization the right to join **us** as a party to a suit or legal action brought against you.

O. Settlement

We may settle any claim, legal action or suit against **you** for which this Policy provides coverage at any time at **our** discretion.

P. Punitive Damages, Attorneys' Fees, and Court Costs

This Policy does not cover and **we** will not pay any judgment or **claim**, or any part thereof, for punitive damages, attorneys' fees, or court costs.

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Q. Loss Covered By More Than One Policy

In the event of a **bodily injury, personal injury, advertising injury, property damage** and/or other loss that is subject to coverage under more than one policy issued by **us** to any person, the most **we** will pay shall be the highest limit of liability provided by any single policy that provides coverage.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

(BROAD FORM)

This endorsement modifies insurance provided under the following:

AUTO COVERAGE FORM
GENERAL LIABILITY COVERAGE FORM
LAW ENFORCEMENT LIABILITY COVERAGE FORM

A. The insurance does not apply:

1. under any Liability Coverage, to **bodily injury** or **property damage**:
 - a. with respect to which an **insured** under the Policy is also an **insured** under a nuclear energy liability Policy issued by the Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an **insured** under any such Policy but for its termination upon exhaustion of its limit of liability; or
 - b. 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.
2. under any Medical Payments coverage, to expenses incurred with respect to **bodily injury** resulting from the **hazardous properties** of **nuclear material** and arising out of the operation of a **nuclear facility** by any person or organization.
3. under any Liability Coverage, to **bodily injury** or **property damage** resulting from the **hazardous properties** of **nuclear material**, if:
 - a. 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;
 - b. 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
 - c. 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.

B. As used in this endorsement:

1. **Hazardous properties** include radioactive, toxic or explosive properties;
2. **Nuclear material** means **source material**, **special nuclear material** or **by-product material**;
3. **Source material**, **special nuclear material**, and **by-product material** have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;
4. **Spent fuel** means any fuel element or fuel component, solid or liquid, which has been used or

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exposed to radiation in a **nuclear reactor**;

5. **Waste** means any waste material (a) containing **by-product material** other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its **source material** content and (b) resulting from the operation by any person or organization of any **nuclear facility** included under the first two paragraphs of the definition of **nuclear facility**.
6. **Nuclear facility** means:
 - a. any **nuclear reactor**;
 - b. any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing **spent fuel** or (3) handling, processing or packaging **waste**;
 - c. any equipment or device used for the processing, fabricating or alloying of **special nuclear material** if at any time the total amount of such material in the custody of the **insured** at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
 - d. any structure, basin, excavation, premises or place prepared or used for the storage or disposal of **waste**;and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;
7. **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;
8. **Property damage** includes all forms of radioactive contamination of property.

BUILDING AND PERSONAL PROPERTY COVERAGE FORM CAUSES OF LOSS - SPECIAL FORM

Throughout this Coverage Form the words **you** and **your** refer to the Named **Insured** shown in the Declarations, and any other person or organization qualifying as an **insured** under this Coverage Form. The words **we**, **us** and **our** refer to the company providing this insurance.

Other words and phrases that appear in **bold** have special meaning. Refer to DEFINITIONS (SECTION H).

No obligation or liability to pay sums or perform acts or services is covered unless provided for under the Insuring Agreement applicable to this Coverage Form.

Various provisions in this Policy restrict coverage. Read the entire Policy carefully to determine rights, duties and what is and is not covered. Any form that modifies or refers to the **Building** and Personal Property Coverage Form or the Causes of Loss -- Special Form, modifies or refers to this coverage form.

A. INSURING AGREEMENT

We will pay for direct physical loss of or damage to **covered property** at a **described premises** caused by or resulting from any **covered cause of loss**.

1. Covered Property

Covered property, as used in this Coverage Form, means the type of property described in this section, A.1., properly reported to **us** and as may be limited in A.2., Property Not Covered.

A type of property is only covered at a **premises** owned by **you** and listed on the schedule of properties on file with **us** if a Limit of Insurance or "As Per Statement on File" is shown in the Declarations for that type of property at that **premises**.

As used herein, Declarations includes any schedule such as a statement of values that supplements the Declarations.

a. **Building**, meaning the **building** or structure, including:

- (1) completed additions;
- (2) fixtures, including outdoor fixtures;
- (3) permanently installed;
 - (a) machinery; and
 - (b) equipment;
- (4) personal property owned by **you** that is used to maintain or service the **building** or structure or its **premises**, including:
 - (a) fire extinguishing equipment, including automatic sprinkler systems;
 - (b) outdoor furniture;
 - (c) floor coverings; and
 - (d) appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

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- (5) if not covered by other insurance:
 - (a) additions under construction, alterations and repairs to the **building** or structure; and
 - (b) materials, equipment, supplies and temporary structures, on or within 1000 feet of the **building** or structure, used for making additions, alterations or repairs to the **building** or structure;
- (6) the following property owned by **you** and located at a **described premises**:
 - (a) fences;
 - (b) retaining walls;
 - (c) swimming pools;
 - (d) signs, including detached outdoor signs, but the most we will pay per sign is \$100,000 unless specifically scheduled;
 - (e) **paved surfaces**;
 - (f) radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers but, not including any transmissions or distribution lines; and
 - (g) bulkheads, pilings, piers, wharves or docks.
- b. Except as described in Section A.4. under Additional Coverages, **your business personal property** located in or on a **building** or in the open (or in a vehicle) within 1000 feet of the **premises** of the **building**, or in the described territory, consisting of the following unless otherwise specified in the Declarations or on the Personal Property - Separation of Coverage Form:
 - (1) furniture and fixtures;
 - (2) machinery, equipment, and tools;
 - (3) **stock**;
 - (4) all other personal property owned by **you** and used in **your** business (including **computers, peripheral devices, software and voice communications systems**);
 - (5) labor, materials or services furnished or arranged by **you** on **personal property of others**;
 - (6) **your** use interest as tenant in **improvements and betterments**. **Improvements and betterments** are fixtures, alterations, installations or additions:
 - (a) made a part of the **building you** occupy but do not own; and
 - (b) **you** acquired or made at **your** expense but cannot legally remove;
 - (7) if **you** are a tenant, signs that **you** may legally remove even if **you** do not own the signs;
 - (8) leased personal property for which **you** have a contractual responsibility to insure; and
 - (9) if **you** are a tenant, **building** glass for which **you** have a contractual responsibility to insure;
 - (10) animals, but the most **we** will pay per animal is \$25,000; and
 - (11) **your mobile equipment**.

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- c. **Personal property of others**, excluding **fine arts** owned by others, that is in **your** care, custody or control.

However, **our** payment for loss of or damage to **personal property of others** will only be for the account of the owner of the property.

- d. **Personal property** including **personal property of others** and **your business personal property**.

2. Property Not Covered

Except as may be provided in the ADDITIONAL COVERAGES (and then only to the extent coverage is specifically provided), **covered property** does not include:

- a. accounts, bills, food stamps or other evidences of debt, **money**, notes or **securities**;
- b. the cost of excavations, grading, backfilling or filling;
- c. foundations of **buildings**, machinery or boilers if their foundations are below:
 - (1) the lowest basement floor; or
 - (2) the surface of the ground, if there is no basement;
- d. land (including land on which the property is located), water or growing , standing or drying crops and timber;
- e. property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether **you** can collect on it or not) from that other insurance;
- f. underground pipes, flues or drains;
- g. watercraft, aircraft, **drones**, motor vehicles licensed for highway use not on the **insured's premises**, but this exclusion shall not apply to **mobile equipment** or to watercraft under 26 feet in length;
- h. mines or caverns and any property contained therein, wells, off-shore property, dams, watershafts, tunnels, dikes, gates or flumes;
- i. nuclear reactor power plants including all auxiliary property on the site or any other nuclear reactor installation, any nuclear fuel or raw materials used in the nuclear process at any point in the fuel cycle;
- j. transmission and distribution lines; and
- k. bridges and roadways.

3. Covered Causes Of Loss

Covered cause of loss means an **occurrence** resulting in direct physical loss unless the loss is:

- a. excluded in Section B., Exclusions; or
 - b. limited in Section C., Limitations;
- that follow.

4. Additional Coverages

- a. An Additional Coverage:
 - (1) applies if the Declarations or Additional Coverage Schedule shows:

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- (a) an amount; or
 - (b) the word 'INCLUDED';
- for the 'Limit of Insurance' corresponding to the Additional Coverage.
- (2) does not apply if the Declarations or Additional Coverage Schedule shows:
- (a) a reference to a different form for the 'Limit of Insurance' corresponding to the Additional Coverage. The referenced form applies instead of the Additional Coverage.
 - (b) the words 'Not Covered' or 'NCD' for the 'Limit of Insurance' corresponding to the Additional Coverage.
- b. Refer to the Additional Coverage provisions DEFINITIONS and LIMITS OF INSURANCE applicable to this Coverage Form to determine how the Additional Coverage Limits of Insurance and deductibles apply.

5. Coverages

(1) Claim Preparation Expense - Direct

- (a) **We** will pay for the cost of any inventory or appraisal required by **us** in an amount not exceeding \$10,000 as a result of direct physical loss or damage to **covered property** caused by or resulting from a **covered cause of loss**.
- (b) **We** will also pay for any other additional expenses **you** incur at **our** request in an amount not to exceed \$10,000 as a result of direct physical loss or damage to **covered property** caused by or resulting from a **covered cause of loss**.
- (c) This Additional Coverage does not apply to the expenses for **your** regular salaried **employees** or any other expense if that expense would have been incurred in the absence of the loss or damage.

(2) Newly Acquired Property

- (a) **We** will pay for loss or damage to the following types of property, in an amount not exceeding \$1,000,000 per **occurrence**:
 - (i) **buildings** or **personal property** (not including **paved surfaces**) **you** acquire at any location other than the **described premises** covered under this Policy. The property must be within the coverage territory applicable to this Coverage Form. The loss or damage must be caused by or result from a **covered cause of loss**.
- (b) Insurance under this Additional Coverage for each newly acquired or constructed property will end when any of the following first occurs:
 - (i) this Policy expires;
 - (ii) 120 days expire after **you** acquire the property;
 - (iii) **you** report values to **us**; or
 - (iv.) we charge you additional premium for values reported from the date you acquire the property.

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If **you** do not report the property to **us** as outlined above, nothing in this Additional Coverage will provide coverage for newly acquired or constructed property under Additional Coverage -- Unnamed Locations if that coverage would otherwise apply.

(3) Pollutant Clean Up & 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. The maximum **we** will pay is \$100,000 per **occurrence**.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of **pollutants**, unless the testing is performed in the course of extracting the **pollutants** from the land or water.

(4) Lawns, Trees, Shrubs & Plants

We will pay up to \$5,000 of actual removal and replacement costs per **occurrence** for loss or damage to lawns, trees, shrubs or plants at the **described premises** as the direct result of a **covered cause of loss**.

(5) Accounts Receivable

We will pay up to \$500,000 for loss or damage under this Additional Coverage per **occurrence** for accounts receivable at or away from the **described premises** for:

- (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;

that result from direct physical loss or damage by any **covered cause of loss** to **your** records of accounts receivable.

In addition to other exclusions applicable to this Coverage Part, the following exclusions apply to this Additional Coverage:

- (i) **We** will not pay for loss or damage caused by or resulting from any of the following:
 - (a) Dishonest acts by **you**, anyone else with an interest in the **covered property** or **your employees** or authorized representatives, or anyone else entrusted with the **covered property**, whether or not acting alone or in collusion with other persons or occurring during the hours of employment.
 - (b) 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.

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- (c) Bookkeeping, accounting or billing errors or omissions.
- (d) Electrical or magnetic injury, disturbance or erasure of electronic recordings.
- (ii) Unauthorized instructions to transfer property to any person or to any place.
- (iii) **We will not pay for loss or damage that requires any audit of records or any inventory computation to prove its factual existence.**
- (iv) **We will not pay for loss or damage caused by or resulting from any of the following; but if loss or damage by a **covered cause of loss** results, we will pay for that resulting damage:**
 - (a) Weather conditions.
 - (b) Acts or decisions, including the failure to act or decide, of any person, group or entity.
 - (c) Faulty, inadequate or defective planning, zoning, development, surveying, siting; design specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction; materials used in repair, construction, renovation or remodeling; maintenance; of any part or all of any property on or off the **described premises**.

In addition to other conditions applicable to this Coverage Part, the following conditions apply to this Additional Coverage: If you cannot accurately establish the amount of accounts receivable outstanding at the time of loss or damage, the following method will be used:

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

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.

(6) Valuable Papers and Records (including costs to reconstruct)

We will pay up to \$500,000 per occurrence under this Additional Coverage for costs to research, replace or restore the lost information on lost or damaged **valuable papers and records** for which duplicates do not exist.

(7) Property in Transit

We will pay up to \$150,000 per occurrence under this Additional Coverage for loss or damage to **covered property** while in transit, whether by air, surface or waterborne

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conveyance, including shipments by registered mail, caused by or resulting from a **covered cause of loss** not otherwise excluded.

(8) Commandeered Property

We will pay up to \$100,000 per **occurrence** under this Additional Coverage for loss or damage to **covered property** lawfully commandeered.

(9) Crime Reward

We will pay up to \$15,000 for information which leads to a conviction for a crime (excluding arson, see subparagraph (10) below) which directly results in loss or damage to **covered property** under this Policy. Regardless of the number of persons involved in providing information, **our** liability under this Additional Coverage will not exceed \$15,000 for any one **occurrence**.

(10) Arson Reward

We will pay up to \$15,000 for information which leads to an arson conviction (not any other crimes, see subparagraph (9) above) in connection with a fire loss covered under this Policy. Regardless of the number of persons involved in providing information, **our** liability under this Additional Coverage will not exceed \$15,000 for any one **occurrence**.

(11) Fine Arts

We will pay up to \$500,000 per **occurrence** under this Additional Coverage for loss or damage to **fine arts** owned by **you** which occurs at the **described premises** as a direct result of a **covered cause of loss**.

However, this Additional Coverage does not apply to loss or damage caused by or resulting from:

- (i) Any repairing, restoration or retouching process;
- (ii) Insects, vermin, rodents or other animals;
- (iii) Wear and tear;
- (iv) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in the property that causes it to damage or destroy itself;
- (v) Breakage of **stained glass**, art glass windows, statuary, marbles, glassware, bric-a-brac, porcelains and similar fragile objects. **We** do not cover breakage if it is caused by fire; lightning; windstorm; hail; earthquake; flood; smoke; explosion; aircraft, **drone**, spacecraft, self-propelled missiles, or objects that fall from these items; vehicles, or an accident to a transporting vehicle; strike; riot; civil commotion; vandalism; **theft**; attempted **theft**; sprinkler leakage; or collapse of **buildings**.

Coverage does not extend to **fine arts** at any fair or exhibition.

(12) Personal Effects

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We will pay for loss of or damage to personal effects owned by you, your elected officials or employees as a direct result of a covered cause of loss. This Additional Coverage does not apply to any personal effects which are covered elsewhere by this Policy or by any other insurance. However, our payment for loss of or damage to personal effects will only be for the account of the owner of the property. No matter how many persons suffer loss to their personal effects, we will not pay more than \$150,000 to all persons per occurrence.

6. Coverage Extensions

The following Extensions apply to property located at a **described premises** or in or on a **building** at a **described premises** or in the open (or in a vehicle) within 1000 feet of a **described premises**. These coverages do not increase the Limit of Insurance applicable to **covered property**.

a. Ordinance or Law

We will pay for the loss to undamaged covered property at a described premises caused by enforcement of any ordinance or law that:

- (1) requires the demolition of parts of the same property not damaged by a **covered cause of loss**;
- (2) regulates the construction or repair of property, or establishes zoning or land use requirements at the **described premises**; and
- (3) is in force at the time of loss;
other than a law that:
 - (a) **you** were required to comply with before the loss, even if the **building** was undamaged; and
 - (b) **you** failed to comply with;

if there is a direct physical loss of or damage to **covered property** at a **described premises** caused by or resulting from a **covered cause of loss**. The sublimit that applies to item 6. Coverage Extensions, subpart a. sublimit is 25% of the loss subject to a maximum limit per Occurrence of \$1,000,000.

b. Demolition & Debris Cost Coverage – Enforcement of Ordinance or Law

If a **covered cause of loss** occurs to **covered property**, **we** will pay the cost to demolish and clear the site of undamaged parts of the **covered property** caused by enforcement of **building**, zoning or land use ordinance or law.

We will not pay more than the amount you actually spend to demolish and clear the site of the described premises. The sublimit that applies to item 6. Coverage Extensions, subpart b. sublimit is 25% of the loss subject to a maximum limit per Occurrence of \$1,000,000.

c. Demolition & Debris Cost Coverage – Casualty Loss

- (i) **We will pay your expense to remove the debris of covered property caused by or resulting from a covered cause of loss that occurs during the Policy period. The**

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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.

- (ii) The most **we** will pay under this Coverage is:
 - (a) the amount **we** pay for the direct physical loss of or damage to **covered property**; plus
 - (b) the deductible in this Policy applicable to that loss or damage.
- (iii) This Coverage does not apply to costs to:
 - (a) extract **pollutants** from land or water; or
 - (b) remove, restore or replace polluted land or water.

The sublimit that applies to item 6. Coverage Extensions, subpart c., sublimit is 25% of the loss subject to a maximum limit per Occurrence of \$1,000,000

d. Collapse

We will pay for direct physical loss or damage to the following property if **covered property**:

- (i) outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
- (ii) awnings, gutters and downspouts;
- (iii) yard fixtures;
- (iv) outdoor swimming pools;
- (v) fences;
- (vi) bulkheads, pilings, piers, wharves and docks;
- (vii) beach or diving platforms or appurtenances;

if loss or damage is a direct result of the collapse of a **building** or any part of a **building** insured under this Coverage Form, where the collapse is caused by one or more of the following:

- (a) the **specified causes of loss** or breakage of **building** glass, all only as insured against in this Coverage Form;
- (b) hidden decay;
- (c) hidden insect or vermin damage;
- (d) weight of people or **personal property**;
- (e) weight of rain that collects on a roof;
- (f) use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in (a) through (e) above, **we** will pay for the loss or damage even if use of defective material or methods, in construction, remodeling or renovation, contributes to the collapse.

Collapse does not include settling, cracking, shrinkage, bulging or expansion.

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e. Fire Department Service Calls

When the fire department is called to save or protect **covered property** from a **covered cause of loss**, we will pay for **your** liability for fire department service charges:

- (i) assumed by contract or agreement prior to loss;
- (ii) required by local ordinance or state law; or
- (iii) test for, monitor or assess the effects of **pollutants** as it relates to a covered loss.

f. Preservation Of Property

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

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

g. Recharging

We will pay for the expense **you** incur for the recharging of automatic fire extinguishing or suppression systems and fire extinguishers made necessary by the fighting of a fire at the location of **covered property** or adjacent to such a location.

h. Temporary Locations

- (i) **We** will pay for loss or damage to **your business personal property** or **personal property of others** for which **you** are legally liable that is **covered property** temporarily:
 - (a) at an exhibition or trade show;
 - (b) leased or loaned to others for any purpose;
 - (c) entrusted to others for safekeeping or processing; or
 - (d) in **your** private residence or a private residence of **your** elected officials or **employees**
 - (e) in the open (or in a vehicle) within 1000 feet of a premises described in (a) through (d) above.

The loss or damage must be caused by or result from a **covered cause of loss**. The property must be within the coverage territory applicable to this Coverage Form.

(ii) This Coverage does not apply to:

- (a) property in transit;
- (b) in the care, custody or control of **your employees** or anyone else while traveling;
- (c) **personal effects**;
- (d) property sold under conditional sale, installment payment or other deferred payment plan after it has left **your** custody; or
- (e) personal property owned by **your** elected officials or **employees** while such property is in the private residence of that elected official or **employee**.

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i. Unnamed Locations

(i) **We will pay for loss or damage to covered property:**

- (a) at a premises other than a **premises** described on the Declarations; or
- (b) with respect to **personal property**, in the open (or in a vehicle) within 1000 feet of the premises described in (a) that is not at a **premises** described on the Declarations.

This includes duplicate or back-up **software** and **valuable papers and records** at least 1000 feet from a **premises** described on the Declarations.

The loss or damage must be caused by or result from a **covered cause of loss**. The **premises** must be within the coverage territory applicable to this Coverage Form.

(ii) This Coverage does not apply to property:

- (a) in the open (or in a vehicle) at a **premises** described on the Declarations
- (b) in transit;
- (c) at an exhibition or trade show;
- (d) leased or loaned to others for any purpose;
- (e) entrusted to others for safekeeping or processing;
- (f) property sold under conditional sale, installment payment or other deferred payment plan after it has left **your** custody;
- (g) in **your** private residence or a private residence of **your** elected officials or **employees**; or
- (h) in the care, custody or control of **your employees** or anyone else while traveling.

The sublimit that applies to item i. is \$1,000,000 per Occurrence. This coverage extension will cease after 120 days of the inception date of this policy.

j. Off-Premises Services/Utility Interruption

We will pay for loss or damage to covered property caused by the interruption of service 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 supply services, meaning the following types of property supplying water to the **described premises**:
 - (a) pumping stations; and
 - (b) water mains.
- (ii) Communication supply services, meaning property supplying communications services, including telephone, radio, microwave or television services to the **described premises**, such as:
 - (a) communication transmission lines, including optic fiber transmission lines;
 - (b) coaxial cables; and

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(c) microwave radio relays except satellites.

It does not include overhead transmission lines.

(iii) Power supply services, meaning the following types of property supplying electricity, steam or gas to the **described premises**:

(a) utility generating plants;

(b) switching stations;

(c) substations;

(d) transformers; and

(e) transmission lines.

However, **we** will only pay for loss or damage suffered by the **insured** during the "Period of Service Interruption" at the **described premises**. The Period of Service Interruption is limited to only those hours during which the **insured** would or could have used service(s) if it had been available. The Period of Service Interruption does not extend to include the interruption of **your** operations caused by any reason other than interruption of the specified service(s). This Extension shall apply only when the Period of Service Interruption is in excess of twelve (12) hours, unless otherwise set forth in the Declarations or by an endorsement to this Policy.

The sublimit that applies to item 6. Coverage Extensions, subparts j(i), j(ii), and j(iii) combined is \$1,000,000 per Occurrence.

k. Water Backup

We will pay for direct physical loss or damage to **covered property** in any one **occurrence** at each **described premises** caused by or resulting from:

(i) Water that backs up from a sewer or drain; or

(ii) Water that enters into and overflows from within a:

(a) Sump pump;

(b) Sump pump well; or

(c) Other type systems;

Designed to remove subsurface water which is drained from the foundation area.

The sublimit that applies to item 6. Coverage Extensions, subpart k, is subject to a Maximum Occurrence limit of \$1,000,000.

B. EXCLUSIONS

Except as may be provided in the ADDITIONAL COVERAGES (and then only to the extent coverage is specifically provided):

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

a. Volcanic Eruption

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.

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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.

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

b. Governmental Action

Seizure or destruction of property by order of a governmental authority.

But **we** will pay for loss or damage caused by or resulting from acts of destruction ordered by a governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Form.

c. 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.

d. 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.

e. Earthquake

Earthquake including tremors and aftershocks and any earth sinking, rising or shifting related to such event. But if such an event results in fire or explosion, **we** will pay for the loss or damage caused by that fire or explosion. This exclusion applies regardless of whether any such event is caused by an act of nature or is otherwise caused.

2. Additional Exclusions:

- a. Delay, loss of use or loss of market.
- b. Smoke, vapor or gas from agricultural smudging or industrial operations. But if loss or damage by a **covered cause of loss** results, **we** will pay for that resulting loss or damage.
- c. (1) wear and tear;
(2) rust, 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 of pavements, foundations, walls, floors, ceilings, roofs or swimming pools.
(5) the following causes of loss to **personal property**:
 - (a) dampness or dryness of atmosphere;

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- (b) changes in or extremes of temperature; or
- (b) marring or scratching.

(6) mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in **elevator collision**, we will pay for the loss or damage caused by that **elevator collision**.

But if an excluded cause of loss that is listed in 2.c. (1) through (6) above results from a **covered cause of loss**, we will pay for the loss or damage caused by that **covered cause of loss**.

- d. Nesting or infestation, or discharge or release of waste products or secretions by insects, birds, rodents or other animals. But if an excluded loss listed above results from a **specified cause of loss** or **building** glass breakage, we will pay for the loss or damage caused by that **specified cause of loss** or **building** glass breakage.
- e. Dishonest or criminal act by **you**, any of **your** elected officials, **employees** (including leased **employees**), directors, trustees, authorized representatives or anyone, other than a carrier for hire, 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** (including leased **employees**); but **theft** by **employees** (including leased **employees**) is not covered.

- f. 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.
- g. Collapse of the following property:
 - (1) outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
 - (2) awnings, gutters and downspouts;
 - (3) yard fixtures;
 - (4) outdoor swimming pools;
 - (5) fences;
 - (6) piers, wharves and docks;
 - (7) beach or diving platforms or appurtenances;

But if collapse results from a **covered cause of loss** at the **described premises**, we will pay for that resulting loss or damage.

- h. 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 from a **covered cause of loss**, we will pay for the loss or damage caused by that **covered cause of loss**.
- i. Errors in programs or programming or in instructions given to **computers** or **peripheral devices**. See Exclusion of Cyber Liability and Expense Coverage attached to the policy.
- j. 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, while the **building** is **vacant** or **unoccupied** unless:
 - (1) **you** do **your** best to maintain heat in the **building**; or

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- (2) **you** drain the equipment and shut off the supply if the heat is not maintained.
- k. 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.
3. **We** will not pay for loss or damage caused by or resulting from any of the following; but if loss or damage by a **covered cause of loss** results, **we** will pay for that resulting loss or damage:
- a. acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
- b. faulty, inadequate or defective:
- (1) planning, zoning, development, surveying, siting;
- (2) design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) materials used in repair, construction, renovation or remodeling; or
- (4) maintenance;
- of part or all of any property on or off the **described premises**.

ADDITIONAL EXCLUSIONS:

Terrorism Exclusion Endorsement

Mold Exclusion Endorsement

Exclusion of Cyber Liability and Expense Coverage

C. LIMITATIONS

Except as may be provided in the ADDITIONAL COVERAGES (and then only to the extent coverage is specifically provided), **we** will not pay for loss or damage to property, as described and limited in this section. In addition, **we** will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

1. **We** will not pay for loss of or damage to:
- a. 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;
- b. steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But **we** will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass; or
- c. hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
2. **We** will not pay for loss or damage by **theft** of the following types of property:
- a. furs, fur garments and garments trimmed with fur;

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- b. jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limitation does not apply to jewelry and watches worth \$100 or less per item.
- 3. **We** will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But **we** will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:
 - a. results in discharge of any substance from an automatic fire protection system; or
 - b. is directly caused by freezing.

D. LIMITS OF INSURANCE

The most **we** will pay for loss, damage or expense in any one **occurrence** is the Limit of Insurance shown as applicable to any item(s) or coverage(s).

Any amount stated as a Limit of Insurance applicable to Additional Coverages is in addition to the Limits of Insurance unless specified otherwise in the Additional Coverage. If “Included” is shown for a Limit of Insurance for an Additional Coverage, the Additional Coverage does not increase the Limit of Insurance applicable to the type of property or coverage.

If more than one Limit of Insurance applies to a cause of loss, type of property or coverage, the lowest Limit of Insurance applicable to that cause of loss, type of property or coverage is the Limit of Insurance that applies.

1. Blanket Insurance

The most **we** will pay for all loss, damage or costs on any **occurrence** is the applicable Limits of Insurance shown in the Property Declarations. The Blanket Limit of Insurance shown on the Property Declarations applies to all Covered Property unless a separate limit, lower limit or reduced amount of insurance is indicated in this Form or the Property Declarations for any such Covered Property.

2. Application of Aggregate Limits

If an Aggregate Limit is shown for a coverage(s), this is the most **we** will pay for all loss, damage or expense under the coverage to which the Aggregate Limit applies. In the event that more than one Aggregate Limit applies to a loss, damage or expenses, the lowest Aggregate Limit applies. This limit applies separately to each fiscal period concluding June 30.

3. Application of Sublimits

Subject to any Aggregate Limit or Limit of Insurance, if a Sublimit is shown for a coverage(s), this is the most **we** will pay for all loss, damage or expense in any one **occurrence** under the coverage(s) to which the Sublimit applies. In the event that more than one Sublimit applies to the loss, damage or expense in any one **occurrence** the lowest Sublimit applies to the loss, damage or expense.

a. Earth Movement Sublimit, Aggregate Limit and Deductible

- (1) The amount shown as a Sublimit for **Earth Movement** is the most **we** will pay for loss, damage or expense in any one **occurrence** for loss caused by or resulting from any earth movement (other than **sinkhole collapse**), such as a landslide or mine subsidence. **Earth Movement** does not include earthquake. But if earth movement results in fire or explosion, **smoke damage**, or **elevator**

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- collision, we** will pay for the loss or damage caused by that fire or explosion, **smoke damage, or elevator collision**
- (2) The Aggregate Limit shown for **'Earth Movement'** and the Deductible shown for **'Earth Movement'** apply to all losses to which the **'Earth Movement'** Sublimit applies.
 - (3) If any other coverage form is a part of this Coverage Form, the provisions above for the Sublimit, Aggregate Limit and Deductible for **'Earth Movement'** apply to all loss, damage or expense.

b. Water Damage Sublimit, Aggregate Limit and Deductible

- (1) The amount shown as a Sublimit for **'Flood'** is the most **we** will pay for loss, damage or expense in any one **occurrence** for loss caused by or resulting from:
 - (a) **flood;**
 - (b) mudslide or mudflow;
 - (c) water that backs up or overflows from a sewer, drain or sump, except as may be provided under Section A.6. Coverage Extensions; or
 - (d) water under the ground pressing on or flowing or seeping through
 - (i) foundations, walls, floors or **paved surfaces;**
 - (ii) basements, whether paved or not; or
 - (iii) doors, windows or other openings.

This Sublimit applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss. But if **flood** results in fire, explosion, **smoke damage, elevator collision** or leakage from fire extinguishing equipment, this Sublimit does not apply to the loss, damage or expense caused by that fire, explosion, **smoke damage, elevator collision** or leakage from fire extinguishing equipment.

- (2) The Aggregate Limit shown for **'Flood'** and the Deductible shown for **'Flood'** apply to all losses to which the **'Flood'** Sublimit applies.
- (3) If any other coverage form is a part of this Coverage Form, the provisions above for the Sublimit, Aggregate Limit and Deductible for **'Flood'** apply to all loss, damage or expense.
- (4) Properties within Flood Zone "A, AE, A1-A30, AH, AO, AR and A99" or any location within a 100 Year Flood Plain are excluded locations.

E. DEDUCTIBLE

We will pay for loss or damage to covered property in any one occurrence up to the applicable Limit of Insurance, paying the loss amount minus the applicable policy holder deductible noted on the declarations page. If the word 'Included' is shown for any deductible, the deductible applicable to the Coverage Form applies to that coverage. If the word 'None' is shown, no deductible applies.

Deductibles applicable to Additional Coverages are either:

- 1. shown on the Declarations; or
- 2. described in the Additional Coverage.

The minimum property and coverage extension deductible is \$500 per occurrence.

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In the event that loss or damage occurs as a result of one **occurrence** and the loss would require the application of more than one deductible, only the highest deductible shall be deducted from the total loss or damage.

When the **occurrence** involves loss to more than one item of **covered property** and more than one Limit of Insurance applies, the deductible will reduce the total amount of loss payable if loss to at least one item is less than the sum of (1) the Limit of Insurance applicable to that item plus (2) the deductible.

F. LOSS CONDITIONS

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

1. Abandonment

There can be no abandonment of any property to **us**.

2. Appraisal

If **we** and **you** disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. pay its chosen appraiser; and
- b. bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, **we** will still retain **our** right to deny the claim.

3. Duties In The Event Of Loss Or Damage

a. **You** must see that the following are done in the event of loss or damage to **covered property**:

- (1) notify the police if a law may have been broken.
- (2) give, directly or by others on **your** behalf, **us** or **our** authorized agent prompt notice of the loss or damage. Include a description of the property involved.
- (3) as soon as possible, give **us** a description of how, when and where the loss or damage occurred.
- (4) take all reasonable steps to protect the **covered property** from further damage, and keep a record of **your** expenses necessary to protect the **covered property**, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, **we** will not pay for any subsequent loss or damage resulting from a cause of loss that is not a **covered cause of loss**. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) at **our** request, give **us** complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed. However, if the total loss or damage is less than \$25,000, **you** do not need to prepare the inventory.
- (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.

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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, as soon as practicable, containing the information **we** request to investigate the claim. **We** will supply **you** with the necessary forms.

(8) cooperate with **us** in the investigation or settlement of the claim.

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

4. Loss Payment

a. In the event of loss or damage covered by this Coverage Form, at **our** option, **we** will either:

(1) pay the value of lost or damaged property;

(2) pay the cost of repairing or replacing the lost or damaged property;

(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. **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**.

e. **We** may elect to defend **you** against suits arising from claims of owners of property. **We** will do this at **our** expense.

f. **We** will pay for covered loss or damage as soon as practical after **we** receive the sworn proof of loss, if **you** have complied with all of the terms of this Coverage Form; and

(1) **we** have reached agreement with **you** on the amount of loss; or

(2) an appraisal award has been made.

5. Recovered Property

If either **you** or **we** recover any property after loss settlement, that party must give the other prompt notice. At **your** option, the property will be returned to **you**. **You** must then return to **us** the amount **we** paid to **you** for the property. **We** will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

6. Valuation

We will determine the value of **covered property** in the event of loss or damage as follows:

a. **we** will not pay more for loss or damage on a replacement cost (without deduction for depreciation) basis than the least of (1), (2) or (3):

(1) the Limit of Insurance applicable to the lost or damaged property;

(2) the cost to replace, on the same or substantially the same **premises**, the lost or damaged property with other property of new material and quality and used for the same purpose; whichever is smallest; or

(3) the amount **you** actually spend that is necessary to repair or replace on the same or another **premises** the lost or damaged property but, not to excess size and operating capacity that existed at the time of loss, whichever is smallest.

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- b. if the **building** where loss or damage occurred had been **vacant** for more than 90 consecutive days before the loss or damage occurred, **we** will pay the lesser of the amount **you** actually spend that is necessary to repair or replace the loss or damage or the actual cash value (with deduction for depreciation) for the loss or damage instead of replacement cost.
- c. **stock you** have sold but not delivered at the selling price less discounts and expenses **you** otherwise would have had.
- d. glass at the cost of replacement with safety glazing material if required by law.
- e. **finished stock** at the selling price of the **stock** at the time and place of loss less discounts and expenses **you** otherwise would have had.
- f. tenant's **improvements and betterments** that **you** do not replace within a reasonable time for such loss:
 - (1) a proportion of **your** original cost. **We** will determine the proportionate value as follows:
 - (a) multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b) divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.If **your** lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
 - (2) nothing if others pay for repairs or replacement.
- g. documents or other records (other than **valuable papers and records** and **software**), at the cost of:
 - (1) blank materials for reproducing the records; and
 - (2) labor to transcribe or copy the records when there is a duplicate.
- h. **fine arts** at market value, not exceeding \$500,000 for any single item and \$500,000 for all items for any single **occurrence**, except as may be otherwise scheduled. If the loss or damage occurs to a part of a pair or set, **you** may choose one of the following:
 - (1) the market value of the entire pair or set. **You** must return to **us** the remaining pieces.
 - (2) the cost to repair or replace the damaged pieces and **you** will keep the undamaged pieces. If the pair or set, with the repaired pieces has a lower value than it had prior to the loss, **we** will also pay the difference between the value prior to the loss and after loss.
 - (3) the market value of the lost or damaged pieces prior to the loss when the pieces cannot be found or repaired. **You** will keep the undamaged pieces. If the remaining pieces have a reduced value, **we** will pay the difference between the value of the remaining pieces prior to the loss and after the loss.In no event will **we** pay more than the value the pair or set had prior to the loss.
- i. **software** and **valuable papers and records** (other than prepackaged **software**) at:
 - (1) the cost of blank materials for reproducing the records; and
 - (2) when there is a duplicate, labor to transcribe or copy the records; or
 - (3) when there is no duplicate, **your** costs to research, replace, or restore the lost information on lost or damaged **software** or **valuable papers and records**.

G. PROPERTY CONDITIONS

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This Coverage Form is subject to the following conditions, the Common Policy Conditions and all other conditions contained in this Property Coverage Form.

1. Broad Named Insured

Any organization over which **you** at any time maintain ownership or majority interest, other than a partnership, joint venture or limited liability company, will qualify as a Named **Insured** if there is no other similar insurance available to that organization. However, this insurance does not apply to loss directly or indirectly resulting from direct physical loss or damage that occurs:

- a. before **you** acquired or formed the organization; or
- b. after **you** no longer maintained ownership or majority interest in the organization.

2. Control of Property

This insurance will not be affected by any act or neglect of any person other than **you** or someone under **your** direct control or direction.

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 the loss or damage, the breach of condition does not exist.

3. 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.

4. Legal Action Against Us

You may not bring any suit or legal action against **us** to recover a claim unless the terms of this Policy have been complied with. Nor can suit be brought against **us** until the amount of a claim against **you** has been determined or agreed upon. Venue for any suit or legal action brought by **you** against **us** or by **us** against **you** concerning **our** duties and obligations to **you** hereunder or otherwise by operation of law shall only be commenced in the courts of the Commonwealth of Kentucky sitting in Franklin County, Kentucky. Any suit or legal action brought by **you** against **us** must be commenced within twelve (12) months of the date that the amount of the claim against you has been determined or agreed upon.

Nothing in this Policy gives any person or organization the right to join **us** as a party to a suit or legal action brought against **you**.

5. Building Owner

As respects **building** coverage, the Named **Insured** is amended to include as an additional insured any person or organization that rents a **building** to **you** if **you** are required by lease agreement or any other written contract to provide such insurance for the interest of the **building** owner.

6. No Benefit to Bailee

No person or organization, other than **you**, having custody of **covered property** will benefit from this insurance. However, **you** may accept ordinary bills of lading (including released or partially released value bills of lading) used by common carriers without affecting **your** insurance.

7. Other Insurance

You may have other insurance covering the same loss or damage that is covered under this Coverage Form.

- a. Except as described in b. and c. below, 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

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due from the other insurance, up to the limits of this Coverage Form. This applies whether or not **you** are able to collect on the other insurance.

b. Other Insurance -- Excess Insurance

If other insurance was purchased to apply in excess of the coverage limits of this Coverage Form, **we** will pay for the loss to the extent it is covered under this Coverage Form and the existence of such insurance shall not reduce any coverage under this Coverage Form.

c. Other Insurance -- Deductibles

If other insurance was purchased to cover all or part of any deductible amount, the provisions of a. above apply only to that amount of the other insurance that exceeds the applicable deductible under this Coverage Form.

8. Policy Period, Coverage Territory

Under this Coverage Form:

a. **We** cover loss or damage:

(1) commencing during the Policy period shown on the Declarations;

b. The coverage territory is:

(1) within or between:

- (a) the United States of America (including its territories and possessions);
- (b) Puerto Rico; or
- (c) Canada.

However, coverage does not apply while the covered property is being transported by water except while on inland waters of the continental United States, the Great Lakes or the St. Lawrence Seaway.

9. Transfer of Rights of Recovery Against Others to Us

If any person or organization to or for whom **we** make payment under this Coverage Form has rights to recover damages from another, those rights are transferred to **us** 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 loss or damage; or

b. after loss or damage 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.

H. DEFINITIONS

1. **Automatic sprinkler system** means any automatic fire protective or extinguishing system, including connected:

- a. sprinklers and discharge nozzles;
- b. ducts, pipes, valves and fittings;

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- c. tanks, their component parts and supports;
 - d. pumps and private fire protection mains; and
 - e. when supplied from an automatic fire protective system:
 - (1) non-automatic fire protective systems; and
 - (2) hydrants, standpipes and outlets.
2. **Building** means the **building** or structure as defined in Paragraph 1.a. Covered Property of Section A., Insuring Agreement.
 3. **Blanket limit of insurance** means a limit of insurance equal to the total value of all **your Buildings**, Personal Property, Boiler & Machinery, Equipment and other property included in the Schedule of Property submitted to **us**. The Blanket Limit of Insurance includes the property covered under 4. Additional Coverages and 6. Coverage Extensions. If **you** do not own any **buildings**, the Blanket Limit of Insurance means a limit of insurance equal to the total of **your** Personal Property, Equipment and other property.
 4. **Computer** means a programmable electronic device that can store, retrieve and process **data** including word processors and electronic automation equipment, their parts or components.
 5. **Covered cause of loss** means all causes of loss listed under Paragraph 3. Covered Cause of Loss of Section A., Insuring Agreement.
 6. **Covered property** means property as described under Paragraph 1. Covered Property of Section A., Insuring Agreement.
 7. **Data** means facts, concepts, programs, or instructions.
 8. **Described premises** or **premises** means a location owned by **you** and identified on the schedule of properties on file with **us**, or, if included in this Coverage Form, a premises at which property is covered under any of the following Additional Coverages:
 - a. Newly Acquired or Constructed Property;
 - b. Unnamed Locations; or
 - c. Temporary Locations with respect to **your business personal property** only.
 9. **Drone** means an unmanned aircraft, wheeled vehicle, or watercraft guided by remote control or that can navigate autonomously.
 10. **Earth movement** means any earth movement (other than sinkhole collapse), such as a landslide. Earth movement does not include mudslide caused by **flood**. Earth movement does not include earthquake.
 11. **Elevator collision** means the collision of an elevator or anything carried on the elevator with another object.
 12. **Employee** means:
 - a. any natural person:
 - (1) while in **your** service;
 - (2) whom **you** compensate directly by salary, wages or commissions; and
 - (3) whom **you** have the right to direct and control while performing services for **you**; or
 - b. any natural person employed by an employment contractor while that person is subject to **your** direction and control and performing services for **you**.

But **employee** does not mean any:

 - (1) agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or

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- (2) director or trustee except while performing acts coming within the scope of the usual duties of an employee.
13. **Fine arts** means objects of art or rarity including **stained glass**.
14. **Finished stock** means **stock you** manufactured. Finished **stock** also includes whiskey and alcoholic products being aged. Finished **stock** does not include **stock you** have manufactured that is held for sale on the **premises** of any retail outlet insured under this Coverage Form.
15. **Flood**
- a. a general and temporary condition of partial or complete inundation of land areas from:
 - (1) the overflow of inland or tidal waters;
 - (2) the unusual and rapid accumulation or runoff of surface waters from any source;
 - (3) mudslides (i.e., mudflows) which are caused by flooding as defined in paragraph (1) or (2) above and are akin to a river of liquid and flowing mud on the surfaces of normally dry land areas, as when earth is carried by a current of water and deposited along the path of the current;
 - (4) tsunami caused by earthquake or seaquake.
 - b. the collapse or subsidence of land along the shore of a lake or other body of water as a result of erosion or undermining caused by waves or currents of water exceeding the cyclical levels which result in flooding as defined in a. (1) or (2) above.
 - c. Flood coverage under this Policy does not apply to property within Flood Zone A and any location in 100 year flood plain.
16. **Improvements and betterments** means **your** use interest, as a tenant, in improvements and betterments as defined in paragraph 1.b.(6) of A., Insuring Agreement.
17. **Media** means material designed to store **data** and used solely with **computers** or **peripheral devices**.
18. **Mobile equipment** shall include, but is not limited to the following:
- (1) bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
 - (2) vehicles maintained for use solely on or next to **premises you** own or rent;
 - (3) vehicles that travel on crawler treads;
 - (4) vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - a. power cranes, shovels, loaders, diggers, or drill; or
 - b. road construction or resurfacing equipment such as graders, scrapers or rollers;
 - (5) vehicles not described in paragraphs (1) to (4) above that are not self propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - a. air compressors, pumps and generators, including spraying, welding, **building** cleaning, geophysical exploration, lighting and well servicing equipment; or
 - b. cherry pickers and similar devices used to raise and lower workers.
 - (6) vehicles not described in paragraphs (1) to (4) above maintained primarily for purposes other than the transportation of persons or cargo.
19. **Money** means:
-

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- 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.
20. **Occurrence** means an accident, including continuous or repeated exposure to substantially the same generally harmful conditions.

When the term applies to **flood**, windstorm or hail, sleet, snow, freezing, thawing, or riot or civil commotion, or lightning an **occurrence** shall be held to include all events occurring or commencing during a period of 72 consecutive hours. If loss or damage occurs over a period exceeding 72 hours, the first period will begin at the moment of the first damage. Each consecutive 72 hour period thereafter will be deemed to be an **occurrence**.

When the term applies to **earth movement** or volcanic eruption, an **occurrence** shall be held to include all events occurring or commencing during a period of 168 consecutive hours. If loss or damage as a result of **earth movement** or volcanic eruptions occurs over a period exceeding 168 hours, the first period will begin at the moment of the first damage. Each consecutive 168 hour period thereafter will be deemed to be an **occurrence**.

When the term applies to the Arson or Crime Reward Additional Coverage, an **occurrence** shall be held to include all events resulting in the conviction of any person or persons committing a criminal act or a series of related criminal acts.

Occurrence shall not mean “continuous or repeated exposure to conditions” unless physical loss or damage insured against by this policy ensues, and then this policy shall only cover such ensuing loss or damage; nor shall **occurrence** mean “loss of use of tangible property that has not been destroyed.”

21. **Paved surfaces** means sidewalks, driveways, patios and parking lots of scheduled premises. **Paved surfaces** do not include bridges, runways, taxiways and roadways.
22. **Peripheral devices** means any physical unit used in connection with the operation of a **computer**, that cannot be used except as a part of a **computer** system.
23. **Personal effects** means articles associated with a person as property having a more or less intimate relation to person or possessor such as clothing (but not uniforms required to be worn in **your** business), jewelry, photographs of a personal nature or trophies and other personal awards.
24. **Personal property** means **personal property of others** and **your business personal property**.
25. **Personal property of others** means the property defined in Paragraph 1.c. Covered Property of Section A. Insuring Agreement.
26. **Pollutants** means any solid, liquid, gaseous or thermal irritant or contaminant, including but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. As used in this definition, waste includes materials to be recycled, reconditioned or reclaimed
27. **Premises** means **described premises**.
28. **Securities** means negotiable and non-negotiable instruments or contracts representing either **money** or other property and includes:
- a. tokens, tickets (other than lottery tickets held for sale), 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**.
29. **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 excluding:

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- a. the cost of filling sinkholes; or
 - b. sinking or collapse of land into man-made underground cavities.
30. **Smoke damage** means the sudden and accidental discharge of smoke excluding:
- a. gradual emission, discharge, release or escape of smoke from any source;
 - b. smoke that was intentionally created by **you**; or
 - c. smoke from agricultural smudging or industrial operations.
31. **Software** means **media** and **data** stored on **media**.
32. **Specified causes of loss** means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft, **drones** or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; **sinkhole collapse**; volcanic action; falling objects; weight of snow, ice or sleet; or **water damage**.
- Falling objects does not include loss or damage to:
- a. **personal property** in the open; or
 - b. 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.
33. **Stained glass** means the following types of glass:
- a. glass colored throughout by metallic oxides fused into it;
 - b. clear glass in whose surface the pigments have been burned; or
 - c. other glass colored or stained, set in leaded sections.
34. **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.
35. **Theft** means any act of stealing.
36. **Unoccupied** means containing personal property pertaining to the occupancy of the **building** while other customary activities are suspended. A seasonal operation is deemed not to be unoccupied during the regular period that the business is closed for the season.
37. **Vacant** means abandoned or containing no **personal property** pertaining to the operations or activities customary to the occupancy of the **building**.
38. **Valuable papers and records** means inscribed, printed or written documents, manuscripts and records including abstracts, books, deeds, drawings, films, maps, and mortgages. But valuable papers and records do not include **money, securities, data** stored on **media**, or **media**.
39. **Voice communication system** means a telephone system, telephone switch gear including operating programs and related **software**, voice terminals, telephone circuit pack and other such equipment and component parts whose function is the transmission of voice communications.
40. **Water damage** means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.
41. **Your business personal property** means the property defined in Paragraph 1.b. Covered Property of Section A., Insuring Agreement

Property Coverage Enhancements

Included **In Addition** to Blanket Limits:

Accounts Receivable	\$ 500,000
Animals	\$ 25,000
Arson Reward	\$ 15,000
Builders Risk	\$ 1,000,000
Claim Preparation Expense	\$ 10,000
Commandeered Property	\$ 100,000
Crime Reward	\$ 15,000
Detached Outdoor Signs	\$ 100,000
Electrical Damage	\$ 50,000
Fine Arts	\$ 500,000
Lawns, Trees, Shrubs & Plants	\$ 5,000
Newly Acquired Property	\$ 1,000,000
Personal Effects	\$ 150,000
Pollutant Clean-up & Removal	\$ 100,000
Property in Transit	\$ 150,000
Valuable Papers	\$ 500,000
Increased Cost of Construction	25% of loss/ Maximum \$1,000,000
Ordinance or Law	25% of loss/ Maximum \$1,000,000
Demolition	25% of loss/ Maximum \$1,000,000
Water Back-up	25% of loss/ Maximum \$1,000,000
Off Premises Services	\$ 1,000,000
Unnamed Locations	\$ 1,000,000

Included **Within** Blanket Limits:

Architect Fees	Included
Bulkheads, Pilings	Included
Collapse	Included (with exceptions)
Communications Equipment	Included
Debris Removal	Included
Fire Department Service Charge	Included
Mine Subsidence	Included
Mobile Equipment	Included
Patterns, Dies, Molds	Included
Piers, Wharves, Docks	Included
Preservation of Property	Included
Recharging	Included
Temporary Locations	Included
Utility Interruption	Included

MINE SUBSIDENCE ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

The Building and Personal Property Coverage Form to which this endorsement applies is extended to insure against direct loss by **MINE SUBSIDENCE**, as follows:

A. MINE SUBSIDENCE INSURING AGREEMENT

We will pay for direct physical loss of or damage to COVERED PROPERTY on your premises described in the Declarations caused by or resulting from **MINE SUBSIDENCE**.

1. Covered Property

COVERED PROPERTY, as used in this Endorsement, means a **STRUCTURE** on **your premises** for which a Limit of Insurance is shown in the Declarations.

STRUCTURES, as used in this Endorsement, means **buildings** or fixtures permanently attached to real estate, including:

- a. the cost of excavation, grading, backfilling or filling;
- b. foundations of **buildings**, machinery or boilers if their foundations are below:
 - (1) the lowest basement floor; or
 - (2) the surface of the ground, if there is no basement;
- c. pilings and piers;
- d. underground pipes, flues and drains.

2. Property Not Covered

COVERED PROPERTY does not include:

- a. land; or
- b. personal property.

3. Covered Cause of Loss

MINE SUBSIDENCE means the collapse of underground coal mines resulting in direct damage to a **STRUCTURE**. But it does not include collapse of roadways or bridges or storm, water seepage or sewer drains.

B. LIMITS OF INSURANCE

The most **we** will pay for loss or damage to any one **STRUCTURE** caused by **MINE SUBSIDENCE** in any one **occurrence**, including debris removal, is the Limit of Insurance in the Declarations. However, this limit will be reduced by the amount of loss payment which is due

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from the Mine Subsidence Insurance Fund but which **we** cannot collect from the Mine Subsidence Insurance Fund.

C. DEDUCTIBLE

1. **We** will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds 2% of the Limit of Insurance. But this amount will not be;
 - a. less than \$250; or
 - b. more than \$500.

We will then pay the amount of loss or damage in excess of the amount determined above up to the applicable Limit of Insurance.

2. This section applies separately to each **STRUCTURE** to which this endorsement applies.

BUILDERS RISK ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:
BUILDING AND PERSONAL PROPERTY COVERAGE FORM

A. PROPERTY

1. Insuring Agreement

We will pay for loss or damage to the following types of property:

- a. new **buildings** being constructed at a premises other than a premises described in the Declarations;
- b. **building** materials, equipment, supplies and temporary structures, on or within 1000 feet of the premises of the **building** or structure, used in the construction, alteration, erection or completion of **buildings** described in A.1.a. that is not a premises described on the Declarations.

2. Conditions

- a. The loss or damage must be caused by or result from a covered cause of loss as defined in the **Building** and Personal Property Coverage Form.
- b. The **premises** must be within the coverage territory applicable to this Coverage Form.
- c. The loss or damage must have occurred during the Policy Period.
- d. **You** must notify **us** prior to the start of construction and provide information on the Replacement Cost values of the **building**.
- e. Additional premium for Builders Risk Coverage will be charged at the start of construction. Additional premium may be waived on **building** construction with replacement costs less than \$1,000,000.
- f. Coverage will end when the **building** is completed and accepted by the owner.
- g. The limits of this insurance will be \$1,000,000 per **occurrence** unless scheduled.
- h. This coverage part will extend a maximum sublimit of \$2,500 for personal property of others

3. Exclusions

Coverage under this endorsement does not apply to the following property:

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- a. If covered under the following Additional Coverages or that would be covered except for the application of a deductible or exhaustion of a Limit of Insurance:
 - (1) PRESERVATION OF PROPERTY;
- b. leased or loaned to others for any purpose;
- c. entrusted to others for safekeeping or processing;
- d. In **your** private residence or a private resident of **your** partners or **employees**.

Coverage will end when the **building** is completed and accepted by the owner.

B. BUSINESS INCOME

We will pay for the actual loss of **business income you** sustain due to direct physical loss if such physical loss delays the start of your operations and is caused by or resulting from any **covered cause of loss** to:

1. new **buildings** being constructed at a premises other than a premises described in the Declarations;
2. **building** materials, equipment, supplies and temporary structures, on or within 1000 feet of the premises of the **building** or structure, used in the construction, alteration, erection or completion of **buildings** described in A.1.a. hereof that is not a premises described on the Declarations.

The **premises** must be within the coverage territory applicable to this Coverage Form.

Coverage will not apply:

- a. for any loss of business income you sustain from operations involving the construction of a **building** or structure at a location other than where the loss occurred;
- b. to existing **buildings** or structures to which improvements, alterations, repairs or additions are being made;
- c. if covered under the NEWLY ACQUIRED PROPERTY Additional Coverages.

The following provisions are included under this Endorsement as contained within the Business Income (and Extra Expense) Coverage Form:

1. Additional Coverages
 - a. Civil Authority
 - b. Claim Expense
2. Coverage Extensions
 - a. Impounded Water
 - b. Utility Services

With respect to 1. and 2. above, reference to **described premises** shall be substituted by “premises not described in the declarations.”

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We will also pay the actual and necessary **extra expense you** incur during the **period of restoration** due to direct physical loss of or damage to property at a premises not described in the Declarations, including **personal property** in the open (or in a vehicle) within 1000 feet of such premises.

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

Throughout this Coverage Form the words **you** and **your** refer to the Named **Insured** shown in the Declarations, and any other person or organization qualifying as an **insured** under this Coverage Form. The words **we**, **us** and **our** refer to the company providing this insurance.

Other words and phrases that appear in **bold** have special meaning. Refer to DEFINITIONS (SECTION F).

No obligation or liability to pay sums or perform acts or services is covered unless provided for under the Insuring Agreement applicable to this Coverage Form.

These coverages are subject to exclusions that restrict coverage. The amount **we** will pay is limited as described under LIMITS OF INSURANCE. Read the entire Policy carefully to determine rights, duties and what is and is not covered.

A. INSURING AGREEMENT

Coverage is provided as described below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

Business income including **rental value**, where the term **business income** will include **rental value**.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Form apply separately to each.

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 a **described premises**, including **personal property** in the open (or in a vehicle) within 1000 feet of such **premises**. **We** will also pay the actual and necessary **extra expense you** incur during the **period of restoration** due to direct physical loss of or damage to property at a **described premises**, including **personal property** in the open (or in a vehicle) within 1000 feet of such **premises**. With respect to any **premises** described in the Declarations, coverage applies only to those **premises** for which a **business income** Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a **covered cause of loss**.

As used herein, a Declarations includes any Schedule that supplements a Declarations.

If **you** are a tenant, **your premises** is the portion of the **building** which **you** rent, lease or occupy, including all routes within the **building** to gain access to the **described premises**; and **personal property** in the open (or in a vehicle) within 1000 feet of the **described premises**.

1. **Business Income** means the:
 - a. net income that would have been earned or incurred; and
 - b. continuing normal operating expenses incurred, including payroll.

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2. **Extra Expense** means necessary expenses **you** incur during the **period of restoration** that **you** would not have incurred if there had been no direct physical loss or damage to property:

a. to avoid or minimize the suspension of business and to continue **operations**:

(1) at the **described premises**; or

(2) at replacement **premises** or at temporary locations, including:

(a) relocation expenses; and

(b) costs to equip and operate the replacement or temporary locations.

This includes expediting expenses, which are the necessary expenses in excess of normal expenses **you** incur to repair or replace property if the extra expenditure avoids or minimizes the suspension of business and allows **you** to continue **operations**.

b. to minimize the suspension of business if **you** cannot continue **operations**.

c. to:

(1) repair or replace any property; or

(2) 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 Coverage Form.

3. Covered Causes Of Loss

See BUILDING AND PERSONAL PROPERTY COVERAGE FORM CAUSES OF LOSS – SPECIAL FORM.

4. Additional Coverages

a. See BUILDING AND PERSONAL PROPERTY COVERAGE FORM CAUSES OF LOSS – SPECIAL FORM.

Some Additional Coverages have different provisions that apply depending on coverage provided under this Policy. Any provision that is indicated to apply if **business income** coverage applies or if **extra expense** coverage applies, is applicable when this Coverage Form is part of the Policy. With respect to any **premises** described in the Declarations, the Additional Coverage applies only to those **premises** for which a **business income** Limit of Insurance is shown in the Declarations.

b. Deductibles do not apply to **business income** or **extra expense** coverage included in any Additional Coverage unless specifically stated in the applicable deductible or in the Additional Coverage.

c. Coverages

(1) Alterations And New Buildings

We will pay for the actual loss of **business income** **you** sustain and **extra expense** **you** incur due to direct physical loss or damage at the **described premises** caused by or resulting from any **covered cause of loss** to:

(a) new **buildings**, whether complete or under construction;

(b) alterations or additions to existing **buildings**; and

(c) machinery, equipment, supplies or building materials located on or within 1000 feet of the **described premises** and:

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- (i) used in the construction, alterations or additions described in (a) or (b) above; or
- (ii) incidental to the occupancy of new **buildings**.

However, if such direct physical loss or damage delays the start of **operations**, the **period of restoration** for **business income** will begin on the date **operations** would have begun if the direct physical loss or damage had not occurred.

(2) Civil Authority

- (a) If **business income** coverage applies:

We will pay for the actual loss of **business income you** sustain, caused by action of civil authority that prohibits access to the **described premises**, due to the direct physical loss of or damage to property, other than at the **described premises**, caused by or resulting from any **covered cause of loss**.

If an amount is shown on the Declarations for 'Waiting Period', **we** will only pay for the **business income** loss sustained beginning the number of hours shown on the Declarations for 'Waiting Period' from the time the civil authority prohibits access to the **described premises**.

- (b) If **extra expense** coverage applies:

We will pay for the **extra expense you** incur, caused by action of civil authority that prohibits access to the **described premises** due to the direct physical loss of or damage to property, other than at the **described premises**, caused by or resulting from any **covered cause of loss**.

(3) Claim Expense

If coverage under the Claim Expense Additional Coverage in the Building and Personal Property Coverage Form applies, the Claim Expense Additional Coverage is extended to include the cost of any accounting services required by **us** to establish the amount of **business income** loss or **extra expense** incurred. The Limit of Insurance for the Claim Expense Additional Coverage in the Building and Personal Property Coverage Form applies to the sum of all expense coverage under that Additional Coverage and this Additional Coverage.

(4) Collapse

If coverage under the COLLAPSE Additional Coverage in the Building and Personal Property Coverage Form applies, the COLLAPSE Additional Coverage applies to any loss of **business income** or any **extra expense** incurred resulting from collapse as described in paragraphs a. through d. of the COLLAPSE Additional Coverage.

This Additional Coverage does not increase the Limit of Insurance.

5. Coverage Extensions

The following Extensions apply to loss of **business income** or **extra expense** incurred at a **described premises**. These Coverages do not increase the Limit of Insurance.

a. Impounded Water

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 result from the lack of adequate water supply stored behind dams or in reservoirs on the **described premises** if:

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- (1) the water is used as a raw material, for power or for other manufacturing purposes; and
- (2) the water is released from storage as a result of loss or damage by a **covered cause of loss** to the dam, reservoir or control equipment.

b. Utility Services

We will pay for the loss of **business income** or **extra expense** incurred caused by the interruption of utility service to the **described premises**. The interruption must result from direct physical loss or damage by a **covered cause of loss** to property not on the **described premises** that supplies water, communication, power or other utility services to the **described premises**.

If an amount is shown on the Declarations for 'Waiting Period' for **business income**, coverage for **business income** under this extension begins after the amount of time shown on the Declarations for 'Waiting Period' after the interruption of service.

If a Sublimit applies to utility services, the Sublimit includes this Coverage Extension.

B. EXCLUSIONS AND LIMITATIONS

See BUILDING AND PERSONAL PROPERTY COVERAGE FORM CAUSES OF LOSS – SPECIAL FORM.

The following additional provisions apply to this Coverage Form:

We will not pay for:

1. any loss caused by or resulting from:
 - a. damage or destruction of **finished stock**; or
 - b. the time required to reproduce **finished stock**.This exclusion does not apply to **extra expense**.
2. any increase of loss caused by or resulting from:
 - a. delay in rebuilding, repairing or replacing the property or resuming **operations**, due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
 - b. suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of **operations**, we will cover such loss that affects **your business income** during the **period of restoration**.
3. any **extra expense** caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the **period of restoration**.
4. any increase of loss of **business income** incurred as a result of unfavorable business conditions caused by the impact of the **covered cause of loss** in the area where the **described premises** are located.
5. any judgment or claim, or any part thereof, for punitive damages, attorneys' fees, or court costs.
6. any other consequential loss.

C. LIMITS OF INSURANCE

See BUILDING AND PERSONAL PROPERTY COVERAGE FORM CAUSES OF LOSS – SPECIAL FORM.

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D. LOSS CONDITIONS

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

1. Appraisal

If **we** and **you** disagree on the amount of net income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of net income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. pay its chosen appraiser; and
- b. bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, **we** will still retain **our** right to deny the claim.

2. Duties In The Event Of Loss

a. **You** must see that the following are done in the event of loss:

- (1) notify the police if a law may have been broken.
- (2) give **us** prompt notice of the direct physical 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 direct physical loss or damage occurred.
- (4) take all reasonable steps to protect the **covered property** from further damage, and keep a record of **your** expenses necessary to protect the **covered property**, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, **we** will not pay for any subsequent loss or damage resulting from a cause of loss that is not a **covered cause of loss**. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) 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.
- (6) send **us** a signed, sworn proof of loss containing the information **we** request to investigate the claim. **You** must do this after **our** request. **We** will supply **you** with the necessary forms.
- (7) cooperate with **us** in the investigation or settlement of the claim.
- (8) if **you** intend to continue **your** business, **you** must 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

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the claim, including an **insured's** books and records. In the event of an examination, an **insured's** answers must be signed.

3. Loss Determination

- a. The amount of **business income** loss will be determined based on:
 - (1) the net income of the business before the direct physical loss or damage occurred;
 - (2) the likely net income of the business if no loss or damage 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 business;
 - (3) the operating expenses, including payroll expenses, necessary to resume **operations** with the same quality of service that existed just before the direct physical loss or damage; and
 - (4) other relevant sources of information, including:
 - (a) **your** financial records and accounting procedures;
 - (b) bills, invoices and other vouchers; and
 - (c) deeds, liens or contracts.
- b. The amount of **extra expense** will be determined based on:
 - (1) all expenses that exceed the normal operating expenses that would have been incurred by **operations** during the **period of restoration** if no direct physical loss or damage had occurred. **We** will deduct from the total of such expenses:
 - (a) the salvage value that remains of any property bought for temporary use during the **period of restoration**, once **operations** are resumed; and
 - (b) any **extra expense** that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
 - (2) all necessary expenses that reduce the **business income** loss that otherwise would have been incurred.
- c. Resumption of Operations
We will reduce the amount of **your**:
 - (1) **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.
 - (2) **extra expense** loss to the extent **you** can return **operations** to normal and discontinue such **extra expense**.
- d. 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. Loss Payment

We will pay for covered loss within 60 days after **we** receive the sworn proof of loss, if **you** have complied with all of the terms of this Coverage Form; and

- a. **we** have reached agreement with **you** on the amount of loss; or

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b. an appraisal award has been made.

5. Legal Action Against Us

You may not bring any suit or legal action against **us** to recover a claim unless the terms of this Policy have been complied with. Nor can suit be brought against **us** until the amount of a claim against **you** has been determined or agreed upon. Venue for any suit or legal action brought by **you** against **us** or by **us** against **you** concerning **our** duties and obligations to **you** hereunder or other wise by operation of law shall only be commenced in the court of the Commonwealth of Kentucky sitting in Franklin County, Kentucky. Any suit or legal action brought by **you** against **us** must be commenced within twelve (12) months of the date that the amount of the claim against **you** has been determined or agreed upon.

Nothing in this Policy gives any person or organization the right to join **us** as a party to a suit or legal action brought against **you**.

E. PROPERTY CONDITIONS

See BUILDING AND PERSONAL PROPERTY COVERAGE FORM CAUSES OF LOSS – SPECIAL FORM.

F. DEFINITIONS

See BUILDING AND PERSONAL PROPERTY COVERAGE FORM CAUSES OF LOSS – SPECIAL FORM.

The following additional definitions apply:

1. **Business income** means business income as defined in paragraph 1. of A. Insuring Agreement.
2. **Extra expense** means extra expense as defined in paragraph 2. of A. Insuring Agreement.
3. **Net rental value** - the difference between:
 - a. **your rental value**; and
 - b. the actual rental income **you** received.
4. **Net rental value period** - the shorter of the following periods of time:
 - a. the period beginning the date when the property at the **described premises** should be repaired, rebuilt or replaced with reasonable speed and similar quality and ending with the normal expiration date of each canceled lease; or
 - b. the 12 month period immediately following the date when the property at the **described premises** should be repaired, rebuilt or replaced with reasonable speed and similar quality.
5. **Operations** means:
 - a. **your** business activities occurring at the **described premises**; and
 - b. the tenantability of the **described premises**, if coverage for **business income** including **rental value** or **rental value** applies.
6. **Period of restoration**:
 - a. Period of Restoration means the period of time that:

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- (1) begins:
 - (a) if an amount is shown on the Declarations for 'Waiting Period', the amount of time shown on the Declarations for 'Waiting Period' after the time of direct physical loss or damage for **business income**; otherwise
 - (b) immediately after the time of direct physical loss or damage; caused by or resulting from any covered cause of loss at the described premises; and
- (2) ends on:
 - (a) for **business income**, if **operations** are not resumed at the described **premises**, and **extra expense**, the earlier of:
 - (i) the date when the property at the **described premises** should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (ii) the date when business is resumed at a new permanent location.
 - (b) for **business income**, if **operations** are resumed:
 - (i) for **business income**, other than **rental value**, the earlier of:
 - (aa) the date **you** could restore **your operations**, with reasonable speed to the level which would generate the **business income** amount that would have existed if no direct physical loss or damage had occurred;
 - (bb) 365 consecutive days after the date when the property at the **described premises** is actually repaired, rebuilt or replaced and **operations** are resumed.
 - (ii) if the necessary suspension of **your operations** produces a **rental value** loss payable under this Coverage Form, the earlier of:
 - (aa) the date **you** could restore **your** tenant occupancy with reasonable speed to the level which would generate the **rental value** that would have existed if no direct physical loss or damage had occurred;
 - (bb) 365 consecutive days after the date when the property at the **described premises** is actually repaired, rebuilt or replaced and tenantability is restored.
- b. Period of restoration includes any increased period required to repair or reconstruct the property to comply with the minimum standards of any ordinance or law, in force at the time of loss, that regulates the construction or repair, or requires the tearing down of any property.
- c. Period of restoration does not include any increased period required due to the enforcement of any ordinance or law that requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of **pollutants**.

The expiration date of this Coverage Form will not cut short the period of restoration.

7. **Rental value** means:

- a. total anticipated rental income from tenant occupancy of the **described premises** as furnished and equipped by **you**, and amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be **your** obligations, and fair rental value of any portion of the **described premises** which is occupied by **you**.

CRIME COVERAGE FORM

Throughout this Coverage Form the words **you** and **your** refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this Coverage Form. The words **we**, **us** and **our** refer to the company providing this insurance.

Other words and phrases that appear in **bold** have special meaning. Refer to DEFINITIONS (SECTION 3).

Unless stated otherwise in any Crime Coverage Form, Declarations or Endorsement, the following Exclusions, Conditions and Definitions apply to all Crime Coverage Forms forming part of this policy.

SECTION 1 – COVERAGE

A. INSURING AGREEMENT

1. EMPLOYEE DISHONESTY COVERAGE

We have procured Employee Dishonesty Coverage on behalf of you from Commonwealth Insurance Company (Policy # CIC1964). The following is intended to summarize the coverage provided to you within the Commonwealth Insurance Company Coverage Forms. The coverage description provided herein is not intended to supersede the aforementioned policy. All claims will be settled in accordance with the Commonwealth Insurance Company Coverage Forms.

Commonwealth Insurance Company will pay for the **loss** of **money**, **securities** and other property which **you** sustain resulting directly from:

- a. one or more fraudulent or dishonest acts committed by an employee who is **not** a Treasurer or Tax Collector (by whatever name known) or required by law to be **individually** bonded

Dishonest or fraudulent acts means only dishonest or fraudulent acts committed by such **employee** with the manifest intent:

- (1) to cause **you** to sustain such **loss**; and
- (2) to obtain financial benefit for the **employee**, or for any other person or organization intended by the **employee** to receive such benefit, other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other **employee** benefits earned in the normal course of employment.

2. LOSS INSIDE THE PREMISES COVERAGE

We will pay for the **loss** of **money** and **securities** by the actual destruction, disappearance or wrongful abstraction thereof within the **premises** or within any **banking premises** or similar recognized places of safe deposit.

We will pay for the **loss** of:

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- a. other property by **safe burglary** or **robbery** within the **premises** or attempts thereat; and
- b. a locked cash drawer, cash box or cash register by felonious entry into such container within the **premises** or attempt thereat or by felonious abstraction of such container, from within the **premises** or attempt thereat.

We will pay for the damage to the **premises** by such **safe burglary**, **robbery** or felonious abstraction, or by or following burglarious entry into the **premises** or attempted theft, with respect to damage to a **premises** where **you** are the owner thereof or are liable for such damage.

We will pay for the **loss** by **robbery** within the **premises** from any **employee of money** or checks paid to such **employee** from **payroll funds** during the work period when such **robbery** occurred, provided there was on the same occasion a **robbery** or attempt thereat from a **custodian**.

3. LOSS OUTSIDE THE PREMISES COVERAGE

We will pay for the **loss** of **money** and **securities** by the actual destruction, disappearance or wrongful abstraction thereof outside the **premises** while being conveyed by a **messenger** or any armored motor vehicle company, or while within the living quarters in the home of any **messenger**.

We will pay for the **loss** of other property by **robbery** or attempt thereat outside the **premises** while being conveyed by a **messenger** or any armored motor vehicle company, or by theft while within the living quarters in the home of any **messenger**.

4. MONEY ORDERS AND COUNTERFEIT PAPER CURRENCY COVERAGE

We will pay for the **loss** due to the acceptance in good faith, in exchange for merchandise, **money** or services, of any post office or express money order, issued or purporting to have been issued by any post office or express company, if such money order is not paid upon presentation, or due to the acceptance in good faith in the regular course of business of counterfeit United States or Canadian paper currency.

5. DEPOSITORS FORGERY COVERAGE

We will pay for the **loss** that **you** or any bank, which is included in **your** proof of **loss** and in which **you** carry a checking or savings account, as their respective interests may appear, shall sustain through forgery or alteration of, on or in any check, draft, promissory note, bill of exchange, or similar written promise, order or direction to pay a sum certain in **money**, made or drawn by or drawn upon **you**, or made or drawn **payroll funds** by one acting as **your** agent, or purporting to have been made or drawn as herein before set forth, including:

- a. any check or draft made or drawn in **your** name, payable to a fictitious payee and endorsed in the name of such fictitious payee;
- b. any check or draft procured in a face to face transaction with **you**, or with one acting as **your** agent, by anyone impersonating another or made or drawn payable to the one so impersonated and endorsed by anyone other than the one so impersonated; and
- c. any payroll check, payroll draft or payroll order made or drawn by **you**, payable to bearer as well as to a named payee and endorsed by anyone other than the named payee without authority from such payee;

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whether or not any endorsement mentioned in a., b. or c. be a forgery within the law of the place controlling the construction thereof.

Mechanically reproduced facsimile signatures are treated the same as handwritten signatures.

You shall be entitled to priority of payment over **loss** sustained by any bank aforesaid. **Loss** under this Coverage Form, whether sustained by **you** or such bank, shall be paid directly to **you** in **your** name, except in cases where such bank shall have already fully reimbursed **you** for such **loss**. **Our** liability to such bank for such **loss** shall be a part of and not in addition to the amount of insurance applicable to **you** to which such **loss** would have been allocated had such **loss** been sustained by **you**.

If **you** or such bank shall refuse to pay any of the foregoing instruments made or drawn as herein before set forth, alleging that such instruments are forged or altered, and such refusal shall result in suit being brought against **you** or such bank to endorse such payment and **we** shall give **our** written consent to the defense of such suit, then any reasonable attorney's fees, court costs, or similar legal expenses incurred and paid by **you** or such bank in such defense shall be construed to be a **loss** under this Coverage Form and **our** liability for such **loss** shall be in addition to any other liability under this Coverage Form.

B. GENERAL AGREEMENTS

1. JOINT INSURED

If more than one Named Insured is covered under this Coverage Form, the first Named Insured shall act for itself and for every other Named Insured for all purposes of this Coverage Form. Knowledge possessed or discovery made by any Named Insured or by any past, present or future elected or appointed official thereof shall, for the purposes of Sections 7, 8 and 15, constitute knowledge possessed or discovery made by every Named Insured. Cancellation of the insurance hereunder as respects any **employee** as provided in Section 15 shall apply to every Named Insured. If, prior to the cancellation or determination of this Coverage Form, this Coverage Form is canceled or terminated as to any Named Insured, there shall be no liability for any **loss** sustained by such Named Insured unless discovered within one year from the date of such cancellation or termination. **Our** payment to the first Named Insured of any **loss** under this Coverage Form shall fully release **us** on account of such **loss**. If the first Named Insured ceases for any reason to be covered under this Coverage Form, then the Named Insured next named shall thereafter be considered as the first Named Insured for all purposes of this Coverage Form.

2. LOSS UNDER PRIOR BOND OR POLICY

If the coverage of this Coverage Form is substituted for any prior bond or policy of insurance carried by **you** or by any predecessor in **your** interest, which prior bond or policy is terminated, canceled or allowed to expire as of the time of such substitution, **we** agree that this Coverage Form applies to **loss** which is discovered as provided in paragraph A of the General Conditions and Limitations and which would have been recoverable by **you** or such predecessor under such prior bond or policy except for the fact that the time within which to discover **loss** thereunder had expired, provided:

- a. the insurance hereunder shall be a part of and not in addition to the amount of insurance afforded by this Coverage Form;

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- b. such **loss** would have been covered under this Coverage Form had this Coverage Form with its agreements, conditions and limitations as of the time of such substitution been in force when the acts or events causing such **loss** were committed or occurred; and
- c. recovery under this Coverage Form on account of such **loss** shall in no event exceed the amount which would have been recoverable under the coverage of this Coverage Form applicable to such **loss** in the amount for which it is written as of the time of such substitution, had this Coverage Form been in force when such acts or events were committed or occurred, or the amount which would have been recoverable under such prior bond or Coverage Form had such prior bond or Coverage Form continued in force until the discovery of such **loss**, if the latter amount be smaller.

C. POLICY PERIOD, TERRITORY, DISCOVERY

A **loss** is covered under this Coverage Form only if discovered not later than one (1) year from the end of the Policy Period covered by this Coverage Form.

Subject to General Agreement B., this Coverage Form applies only to **loss** which occurs during the Policy Period within any of the States of the United States of America (including its territories and premises), Puerto Rico and Canada, except that with respect to Insuring Agreement 1. of this Coverage Form, it applies to **loss** sustained through fraudulent or dishonest acts committed during the Policy Period by any of the **employees** engaged in **your** regular service within the territory designated above or while such **employees** are elsewhere for a limited period.

SECTION 2 – EXCLUSIONS

This insurance does not apply to any suit or claim for damages, whether direct or consequential, or any cause of action which is covered under any other Coverage Form of this Policy. This insurance also does not apply:

- a. to **loss** due to any fraudulent, dishonest or criminal act by **you** or **your** past, present or future elected or appointed officials, whether acting alone or in collusion with others;
- b. to **loss**, or to that part of any **loss** as the case may be, the proof of which, either as to its factual existence or as to its amount, is dependent upon an inventory computation or a profit and **loss** computation;
- c. under Insuring Agreements 2. and 3. of this Coverage Form, to **loss** due to any fraudulent, dishonest or criminal act by an **employee**, **your** past, present or future elected or appointed officials or authorized representative, while working or otherwise and whether acting alone or in collusion with others, provided, this exclusion does not apply to **safe burglary** or **robbery** or attempt thereat;
- d. under Insuring Agreements 2. and 3. of this Coverage Form, to **loss** (i) due to the giving or surrendering of **money** or **securities** in any exchange or purchase; (ii) due to accounting or arithmetical errors or omissions; or (iii) of manuscripts, books of account or records;
- e. under Insuring Agreement 2. of this Coverage Form, to **loss** of **money** contained in coin operated amusement devices or vending machines, unless the amount of **money**

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deposited within the device or machine is recorded by a continuous recording instrument therein;

- f. to **loss** of insured property while in the custody of any armored motor vehicle company, unless such **loss** is in excess of the amount recovered or received by **you** under (i) **your** contract with said armored motor vehicle company; (ii) insurance carried by said armored vehicle company for the benefit of users of its service; and (iii) all other insurance and indemnity in force in whatsoever form carried by or for the benefit of users of said armored motor vehicle company's service, and then this Coverage Form shall cover only such excess;
- g. under Insuring Agreement 2. of this Coverage Form, to **loss**, other than to **money**, **securities**, a safe or vault, by fire whether or not such fire is caused by, contributed to by or arises out of the occurrence of a hazard insured against;
- h. **loss** due to the surrender of **money**, **securities** or other property away from the **premises** as a result of a threat to do:
 - 1. bodily harm to any person or
 - 2. damage to the **premises** or property owned by **you** or held by **you** in any capacity, provided, however, these exclusions do not apply:
 - (a) to Insuring Agreement 1. of this Coverage Form if coverage is afforded thereunder; or
 - (b) under Insuring Agreement 3. of this Coverage Form if coverage is afforded thereunder, to **loss** of **money**, **securities** or other property while being conveyed by a **messenger** when there was no knowledge by **you** of any such threat at the time the conveyance was initiated;
- i. to the defense of any legal proceeding brought against **you**, or to fees, costs or expenses incurred or paid by **you** in prosecuting or defending any legal proceeding whether or not such proceeding results or would result in a **loss** to **you** covered by this Coverage Form, except as may be specifically stated to the contrary in this Coverage Form;
- j. to potential income, including but not limited to interest and dividends, not realized by **you** because of a **loss** covered under this Coverage Form;
- k. to damages of any type for which **you** are legally liable, except direct compensatory damages arising from a **loss** covered under this Coverage Form;
- l. to costs, fees and other expenses incurred by **you** in establishing the existence of or amount of **loss** covered under this Coverage Form;
- m. to any claim for damages, whether direct or consequential, or for any cause of action which is covered under any Coverage Form of this policy;
- n. to **loss** resulting from seizure or destruction of property by order of governmental authority;
- o. to any claim or judgment, or any part thereof, for punitive damages.
- p. **loss** or damage claims arising out of or in any way connected with the actions of any administrative board, by whatever name called, acting as a body in its official capacity and arising out of any of the following by whatever named called:
 - (1) eminent domain; or
 - (2) land use planning; or
 - (3) municipal zoning; or
 - (4) condemnation; or

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- (5) inverse or reverse condemnation; or
- (6) adverse or reverse possession or dedication by adverse use.

SECTION 3 – DEFINITIONS

The following terms, as used in this Coverage Form, shall have the respective meanings stated in this Section.

- a. **Banking premises** means the interior of that portion of any building which is occupied by a banking institution in conducting its business.
- b. **Custodian** means **you** or a past, present or future elected or appointed official of **yours** or any **employee** who is duly authorized by **you** to have the care and custody of the insured property within the **premises**, excluding any person while acting as a watchman, porter or janitor.
- c. **Employee** means any natural person (except **your** past, present or future elected or appointed public officials) while in **your** regular service in the ordinary course of **your** business during the Policy Period and whom **you** compensate by salary, wages or commissions and have the right to govern and direct in the performance of such service, but does not mean any broker, factor, commission merchant, consignee, contractor or other agent or representative of the same general character. **Employee** also includes any non-compensated natural person: who is a member, director, commissioner or officer of a board, commission or not for profit corporation operated by **you**, under **your** control, or under **your** jurisdiction or a volunteer, other than a person who is a fund solicitor. 1. while performing services for you that are usual to the duties of an **employee**; or 2. while acting as a fund solicitor during fund raising campaigns. As applied to **loss** under Insuring Agreement 1. of this Coverage Form, the above words “while in **your** regular service” shall include the first 30 days thereafter subject, however, to Sections 15 and 16 hereof.
- d. **Loss**, except under Insuring Agreement 1. and 5., includes damage.
- e. **Messenger** means **you** or a past, present or future elected or appointed official, or any **employee**, who is duly authorized by **you** to have the care and custody of the insured property outside the **premises**.
- f. **Money** means currency, coins, bank notes and bullion; and travelers checks, registered checks and money orders held for sale to the public.
- g. **Payroll funds** means **money** and **securities** intended solely for **your** payroll.
- h. **Premises** means the interior of that portion of any building which is occupied by **you** in conducting **your** business.

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- i. **Robbery** means the taking of insured property:
 - 1. by violence inflicted upon a **messenger** or a **custodian**;
 - 2. by putting him or her in fear of violence;
 - 3. by any other overt felonious act committed in his or her presence and of which he or she was actually cognizant, provided such other act is not committed by a partner or **employee of yours**;
 - 4. from the person or direct care and custody of a **messenger** or **custodian** who has been killed or rendered unconscious; or
 - 5. under Insuring Agreement 2.:
 - (a) from within the **premises** by means of compelling a **messenger** or **custodian** by violence or threat of violence while outside the **premises** to admit a person into the **premises** or to furnish him or her with means of ingress into the **premises**; or
 - (b) from a showcase or show window within the **premises** while regularly open for business, by a person who has broken the glass thereof from outside the **premises**.

- j. **Safe burglary** means
 - 1. the felonious abstraction of insured property from within a vault or safe, the door of which is equipped with a combination lock, located within the **premises** by a person making felonious entry into such vault or such safe and any vault containing the safe, when all doors thereof are duly closed and locked by all combination locks thereon, provided such entry shall be made by actual force and violence, of which force and violence there are visible marks made by tools, explosives, electricity or chemicals upon the exterior of:
 - (a) all said doors of such vault or such safe and any vault containing the safe through which entry is made, if not made through such doors; or
 - (b) the top, bottom or walls of such vault or such safe and any vault containing the safe through which entry is made, if not made through such doors; or
 - 2. the felonious abstraction of such safe from within the **premises**.

- k. **Securities** means all negotiable and non-negotiable instruments or contracts representing either **money** or other property and includes revenue and other stamps in current use, tokens and tickets, but does not include **money**.

SECTION 4 - LOSS CAUSED BY UNIDENTIFIABLE EMPLOYEES

If a **loss** is alleged to have been caused by the fraud or dishonesty of any one or more of the **employees** and **you** shall be unable to designate the specific **employee** or **employees** causing such **loss**, **you** shall nevertheless have the benefit of Insuring Agreement 1. of this Coverage Form, subject to the provisions of Section 2.b. of this Coverage Form, provided that the evidence submitted reasonably proves that the **loss** was in fact due to the fraud or dishonesty of one or

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more of the said **employees**, and provided, further, that **our** aggregate liability for any such **loss** shall not exceed the Total Limit of Liability.

SECTION 5 - OWNERSHIP OF PROPERTY, INTERESTS COVERED

The insured property may be owned by **you**, or held by **you** in any capacity whether or not **you** are liable for the cost thereof, or may be property as respects which **you** are legally liable; provided, Insuring Agreements 2., 3. and 4. of this Coverage Form apply only to **your** interest in such property, including **your** liability to others, and do not apply to the interest of any other person or organization in any of said property unless included in **your** proof of **loss**, in which event Section 8 is applicable to them.

SECTION 6 - BOOKS AND RECORDS

You shall keep records of all the insured property in such manner that **we** can accurately determine from them the amount of **loss**.

SECTION 7 - PRIOR FRAUD, DISHONESTY OR CANCELLATION

The coverage of this Coverage Form shall not apply to any **employee** from and after the time that **you** or any partner or officer thereof not in collusion with such **employee** shall have knowledge or information that such **employee** has committed any fraudulent or dishonest act in **your** service or otherwise, whether such act be committed before or after the date of employment by **you**.

If prior to the issuance of this Coverage Form, any fidelity insurance in favor of **you** or any predecessor in **your** interest and covering one or more of **your employees** shall have been canceled as to any of such **employees** by reason of the giving of written notice of cancellation by the insurer issuing such fidelity insurance, whether **us** or not, and if such **employees** shall not have been reinstated under the coverage of said fidelity insurance or superseding fidelity insurance, **we** shall not be liable on account of such **employees** unless **we** shall agree in writing to include such **employees** within the coverage of this Coverage Form.

SECTION 8 – LOSS, NOTICE, PROOF, ACTION AGAINST US

Upon knowledge or discovery of **loss** or of an occurrence which may give rise to a claim for **loss**, **you** shall:

- a. give notice thereof as soon as practicable to **us** or any of **our** authorized agents and, except under Insuring Agreements 1. and 5. of this Coverage Form, also to the police if the **loss** is due to a violation of law; and
- b. file a detailed proof of **loss**, duly sworn to, with **us** within four (4) months after the discovery of **loss**.

Proof of **loss** under Insuring Agreement 5. of this Coverage Form shall include the instrument which is the basis of the claim for such **loss**, or if it shall be impossible to file such instrument,

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your affidavit or **your** bank of deposit setting forth the amount and cause of **loss** shall be accepted in lieu thereof.

Upon **our** request, **you** shall submit to examination by **us**, subscribe the same, under oath if required, and produce for **our** examination all pertinent records, all at such reasonable times and places as **we** shall designate, and shall cooperate with **us** in all matters pertaining to **loss** or claims with respect thereto.

No action shall lie against **us** unless, as a condition precedent thereto, there shall have been full compliance with all the terms of this Coverage Form, nor until ninety days after the required proof of **loss** have been filed with **us**, nor at all unless commenced within one (1) year from the date when **you** discover the **loss**. If any limitation of time for notice of **loss** or any legal proceeding herein contained is shorter than that permitted to be fixed by agreement under any statute controlling the construction of this Coverage Form, the shortest permissible statutory limitation of time shall govern and shall supersede the time limitation herein stated.

You may not bring any suit or legal action against **us** to recover a claim unless the terms of this Policy have been complied with. Nor can suit be brought against **us** until the amount of a claim against **you** has been determined or agreed upon. Venue for any suit or legal action brought by **you** against **us** or by **us** against **you** concerning **our** duties and obligations to **you** hereunder or otherwise by operation of law shall only be commenced in the courts of the Commonwealth of Kentucky sitting in Franklin County, Kentucky.

Nothing in this Policy gives any person or organization the right to join **us** as a party to a suit brought against **you**.

SECTION 9 – VALUATION, PAYMENT, REPLACEMENT

In no event shall **we** be liable as respects **securities** for more than the actual cash value thereof at the close of business on the business day next preceding the day on which the **loss** was discovered, nor as respects other property, for more than the actual cash value thereof at the time of **loss** provided, however, the actual cash value of such other property held by **you** as a pledge, or as collateral for an advance or a loan, shall be deemed not to exceed the value of the property as determined and recorded by **you** when making the advance or loan nor, in the absence of such record, the unpaid portion of the advance or loan plus accrued interest thereon at legal rates.

We may, with **your** consent, settle any claim for **loss** of property with the owner thereof. Any property to which **we** have made indemnification shall become **our** property.

In the case of damage to the **premises** or **loss** of property other than **securities**, **we** shall not be liable for more than the actual cash value of such property, or for more than the actual cost of repairing such **premises** or property or of replacing same with property or materials of like quality and value. **We** may, at **our** election, pay such actual cash value, or make such repairs or replacements. If **we** and **you** cannot agree upon such cash value or such cost of repairs or replacements, such cash value or such cost shall be determined by arbitration.

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SECTION 10 – RECOVERIES

If **you** shall sustain any **loss** covered by this Coverage Form which exceeds the applicable amount of insurance hereunder, **you** shall be entitled to all recoveries (except from suretyship, insurance, reinsurance, security or indemnity taken by or for **our** benefit) by whomsoever made, on account of such **loss** under this Coverage Form until fully reimbursed, less the actual cost of effecting the same; and any remainder shall be applied to **our** reimbursement.

SECTION 11 - TOTAL LIMIT OF LIABILITY

Payment of **loss** under this Coverage Form shall not reduce **our** liability under this Coverage Form for other **losses** provided; however, **our** total liability under this Coverage Form on account of:

- a. all **loss** incidental to an actual or attempted fraudulent, dishonest or criminal act or series of related acts, whether committed by one or more persons, at the **premises** in which no **employee** is concerned or implicated or in which there is no forgery or alteration of an instrument covered under Insuring Agreement 5.; or
- b. all **loss**, other than as specified in a. preceding, caused by acts or omissions of any person (whether one of the **employee** or not) or acts or omissions in which such person is concerned or implicated;

is limited to the sum stated for “Blanket Crime” Total Limit Of Liability in excess of the deductible stated for “Blanket Crime” shown on the Declarations. **We** will then pay the amount of **loss** or damage in excess of the deductible, up to the applicable Limit of Liability. **Our** liability for **loss** sustained by any or all of **you** shall not exceed the amount for which **we** would be liable had all such **loss** been sustained by any one of **you**.

In the event that **loss** or damage would require the application of more than one deductible, only the highest deductible shall be deducted from the total **loss** or damage.

Regardless of the number of years this Coverage Form shall continue in force and the number of premiums which shall be payable or paid, **our** total limit of liability shall not be cumulative from year to year or period to period.

SECTION 12 - LIMIT OF LIABILITY UNDER THIS COVERAGE FORM AND PRIOR INSURANCE

With respect to **loss** caused by any person (whether one of the **employees** or not) or in which such person is concerned or implicated or which is chargeable to any **employee** as provided in Section 4 herein and which occurs partly during the Policy Period and partly during the period of other bonds or policies issued by **us** to **you** or to any predecessor in **your** interest and terminated or canceled or allowed to expire and in which the period for discovery has not expired at the time any such **loss** thereunder is discovered, **our** total liability under this Coverage Form and under such other bonds or policies shall not exceed, in the aggregate, the amount carried under this Coverage Form on such **loss** or the amount available to **you** under such other bonds or policies, as limited by the terms and conditions thereof, for any such **loss**, if the latter amount be the larger.

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SECTION 13 - OTHER INSURANCE

If there is available to **you** any other insurance or indemnity covering any **loss** covered by this Coverage Form, **we** shall be liable hereunder only for that part of such **loss** which is in excess of the amount recoverable or recovered from such other insurance or indemnity provided, except under Insuring Agreements 1. and 5., the insurance under this Coverage Form shall not apply:

- a. to property which is separately described and enumerated and specifically insured in whole or in part by any other insurance; or
- b. to property otherwise insured unless such property is owned by **you**.

We waive any right of contribution which it may have against any forgery insurance carried by any depository bank which is indemnified under Insuring Agreement 5. of this Coverage Form.

SECTION 14- SUBROGATION

In the event of any payment under this Coverage Form, **we** shall be subrogated to all **your** rights of recovery therefor against any person or organization and **you** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. **You** shall do nothing after any **loss** to prejudice such rights.

SECTION 15 - CANCELLATION AS TO ANY EMPLOYEE

This Coverage Form shall be deemed canceled as to any **employee**:

- a. immediately upon discovery by **you**, or by any past, present or future elected or appointed official not in collusion with such **employee**, of any fraudulent or dishonest act on the part of such **employee** ; or
- b. at 12:01 a.m. standard time on the effective date specified in a written notice mailed to **you**. Such date shall be not less than fifteen (15) days after the date of mailing. **Our** mailing of the aforesaid notice to **you** at the address shown in this Coverage Form shall be sufficient proof of notice. Delivery of such written notice by **us** shall be equivalent to mailing.

SECTION 16 – CANCELLATION OF POLICY

This Coverage Form may be canceled by **you** by mailing to **us** written notice stating when thereafter the cancellation shall be effective. This Coverage Form may be canceled by **us** by mailing to **you** at the address shown in this Coverage Form written notice stating when not less than seventy-five (75) days thereafter such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The effective date of cancellation stated in the notice shall become the end of the Policy Period. Delivery of such written notice either by **you** or by **us** shall be equivalent to mailing.

If **you** cancel, earned premium shall be computed in accordance with the customary short rate table and procedure. If **we** cancel, earned premium shall be computed pro rata. Premium adjustment may be made either at the time cancellation is effected or as soon as practicable after

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cancellation becomes effective, but payment of tender or unearned premium is not a condition of cancellation.

SECTION 17 - NO BENEFIT TO BAILEE

This Section shall apply only to Insuring Agreements 2. and 3. of this Coverage Form
The insurance afforded by this Coverage Form shall not inure directly or indirectly to the benefit of any carrier or other bailee for hire.

SECTION 18 – ASSIGNMENT

Assignment of interest under this Coverage Form shall not bind **us** until **our** consent is endorsed hereon. If, however, **you** shall die, this Coverage Form shall cover **your** legal representative as Named Insured; provided that notice of cancellation addressed to **you** as named in the Declarations and mailed to the address shown in this Policy shall be sufficient notice to effect cancellation of this Coverage Form.

SECTION 19 – CHANGES

Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this Coverage Form or estop **us** from asserting any right under the terms of this Coverage Form; nor shall the terms of this Coverage Form be waived or changed except by endorsement issued to form a part of this Coverage Form signed by an officer of **our** company.

By acceptance of this Coverage Form **you** agree that it embodies all agreements existing between **you** and **us** or any of **our** agents relating to this insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TERRORISM EXCLUSION

This endorsement modifies insurance provided under the following:

ALL KALF POLICY FORMS AND ENDORSEMENTS

This contract excludes all and any acts of terrorism committed by a person or persons acting either individually or on behalf of or in connection with any organization or group.

“Terrorism” means the use or threatened use of force or violence against person or property, or commission of an act dangerous to human life or property, or commission of an act that interferes with or disrupts an electronic or communication system, undertaken by any person or group, whether or not acting on behalf of or in connection with any organization, government, power, authority or military force, when the effect is to intimidate or coerce a government, the civilian population or any segment thereof, or to disrupt any segment of the economy.

Terrorism shall also include any act which is verified or recognized by the United States Government as an act of terrorism.

In any action, suit or other proceeding, where the Company alleges that by reason of the provisions of this Condition any loss or damage is not covered by this insurance, the burden of proving that such loss or damage is covered shall be upon the Insured.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MOLD/FUNGUS EXCLUSION

This endorsement modifies insurance provided under the following:

ALL KALF POLICY FORMS AND ENDORSEMENTS

- A. We will not pay for loss, cost or expense directly or indirectly arising out of, resulting from or in any manner related to Fungal Pathogens whether or not there is another cause of loss which may have contributed concurrently or in any sequence to a loss.
- B. "Fungal Pathogens" as utilized herein, shall mean any fungus or mycota or any byproduct or type of infestation produced by such fungus or mycota, including but not limited to, mold, mildew, mycotoxins, spores or any biogenic aerosols.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CYBER LIABILITY AND EXPENSE COVERAGE

This endorsement modifies insurance provided under the following:

ALL KALF POLICY FORMS AND ENDORSEMENTS EXCEPTING THE CYBER LIABILITY AND EXPENSE COVERAGE FORM

1. This Coverage Part does not provide coverage for any liability, loss, penalty or expense arising directly or indirectly from any **Cyber Security Event**.
2. For purposes of this exclusion, the following terms have the following meanings:

“Computer System” means computers and associated input and output devices, data storage devices, networking equipment and backup facilities:

- a. operated by and either owned by or leased to **you**; or
- b. operated by a third party service provider and used to provide hosted computer application services to **you** or for processing, maintaining, hosting or storing **your** electronic data pursuant to a written contract with **you** for such services.

“Cyber Security Event” means:

- a. the actual or reasonable suspected theft, loss or unauthorized disclosure of or access to electronic **Personal Information** in **your** care, custody or control or for which **you** are legally responsible; or
- b. a violation or failure of the security of a **Computer System**, including but not limited to unauthorized access, unauthorized use, a denial of service attack or receipt or transmission of malicious code.

“Personal Information” means an individual’s name in combination with one or more of the following:

- a. information concerning the individual that constitutes “nonpublic personal information” as defined in the Gramm-Leach Bliley Act of 1999, as amended, and implementing regulations;
- b. medical or health care information concerning the individual, including without limitation “protected health information” as defined in the Health Insurance Portability and Accountability Act of 1996, as amended, and implementing regulations;
- c. the individual’s Social Security number, driver’s license or state identification number, credit, debit, or other financial account numbers and associated security

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codes, passwords or personal identification numbers that allow access to the individual's financial account information; or

- d. other nonpublic personally identifiable information, as protected under any local, state, federal or foreign law.

Provided, however, **Personal Information** does not including information that is lawfully available to the public, including without limitation, information lawfully available from **you** or any local, state, federal or foreign governmental entity.

ALL OTHER TERMS AND CONDITIONS OF THE COVERAGE DOCUMENT
REMAIN UNCHANGED.

KALF Boiler Agreement and Conditions



**The Hartford Steam Boiler Inspection and Insurance Company:
One State Street, Hartford, Connecticut 06102**

Insuring Agreement

In return for payment of the premium and subject to all terms of the policy,
we agree with you to provide the insurance as stated in this policy.

In Witness Whereof, the Company identified on the Declarations has caused this policy
to be signed by its President and Corporate Secretary at Hartford, Connecticut.

Richard H. Booth, President and Chief Executive Officer

Robert C. Walker, Corporate Secretary

For Boiler Inspections – Please call Hartford Steam Boiler – Inspection Hotline – 800-333-4677

General Conditions

I. COMMON POLICY 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. 14 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 75 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 canceled, 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 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.

E. PREMIUMS

The KALF member's name 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.

II. CALCULATION OF PREMIUM

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.

III. REPORT OF VALUES

You must report insurable values to us at least once a year.

IV. ADJUSTMENT OF PREMIUM

- A. The premium charged at the inception of each policy year is an advance premium. When we receive updated insurable values from you or when we determine updated insurable values through an audit or claim adjustment, we will determine an adjusted premium for this insurance.
- B. If the adjusted premium is less than the advance premium, we will return the excess premium to you. Such excess premium will not exceed 75% of the advance premium.
- C. If the adjusted premium is greater than the advance premium, we will charge the additional premium based on your reports of value.

V. JOINT OR DISPUTED LOSS AGREEMENT

- A. This condition is intended to facilitate payment of insurance proceeds when:
 - 1. Both a commercial property policy and this equipment breakdown policy are in effect,
 - 2. Damage occurs to Covered Property that is insured by the commercial property policy and this equipment breakdown policy; and
 - 3. There is disagreement between the insurers as to whether there is coverage or as to the amount of the loss to be paid, if any, by each insurer under its own policies.
- B. The provisions of this condition apply only if all of the following requirements are met:
 - 1. The commercial property policy carried by the Named Insured, insuring the Covered Property, contains a similar provision at the time of the loss or damage, with substantially the same requirements, procedures and conditions as contained in this condition;

- 2. There is a Joint Loss or Disputed Loss as defined below; and
 - 3. The total amount of the loss is agreed to by you, the commercial property insurer(s) and us.
- C. Joint Loss and Disputed Loss are defined as follows:
- 1. Joint Loss means that there is damage to property that is Covered Property under both the commercial property policy and this policy and both the commercial property insurer(s) and we admit to some liability for payment under the respective policies.
 - 2. Disputed Loss means that there is damage to property that is Covered Property under both the commercial property policy and this policy and the commercial property insurer(s) and we agree that there is some liability under one policy or the other, but disagree about which policy is liable for the loss.
- D. If the requirements listed in paragraph B. above are satisfied, we and the commercial property insurer(s) will make payments to the extent, and in the manner, described as follows:
- 1. We will pay, after your written request, the entire amount of loss that we have agreed as being covered, if any, by this equipment breakdown policy and one-half (1/2) the amount of the loss that is in disagreement.
 - 2. The commercial property insurer(s) will pay, after your written request, the entire amount of loss that they have agreed as being covered, if any, by the commercial property policy and one-half (1/2) the amount of loss that is in disagreement.
 - 3. Payments by the insurers of the amounts that are in disagreement, as described in paragraphs 1. and 2., do not alter, waive or surrender any rights of any insurer against any other with regard to the portion of the loss for which each insurer is liable.
 - 4. The amount in disagreement to be paid by us under this condition shall not exceed the amount payable under the equivalent loss agreement(s) of the commercial property policy.
 - 5. The amount to be paid under this condition shall not exceed the amount we would have paid had no commercial property policy been in effect at the time of loss. In no

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event will we pay more than the applicable Equipment Breakdown Limit shown in the Declarations.

6. Acceptance by you of sums paid under this condition does not alter, waive or surrender any other rights against us.

E. Arbitration

1. The commercial property insurer(s) and we agree to submit our differences to arbitration within 90 days after payment of the loss under the terms of this condition.
2. You agree to cooperate with any arbitration procedures.
3. There will be three arbitrators: one will be appointed by us, and another will be appointed by the commercial property insurer(s). The two arbitrators will select a third arbitrator. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. A decision agreed to by two of the three arbitrators will be binding on both parties. Judgment on any award can be entered in any court that has jurisdiction.

F. Final Settlement Between Insurers

The insurer(s) found responsible for the greater percentage of the ultimate loss must return the excess contribution to the other insurer(s). In addition, the insurer(s) found responsible for the greater portion of the loss must pay liquidated damages to the other insurer(s) on the amount of the excess contribution of the other insurer(s). Liquidated damages are defined as interest from the date the insured invokes this agreement to the date the insurer(s) that contributed the excess amount is reimbursed. The interest is calculated at 1.5 times the highest prime rate from the money rates column of the Wall Street Journal during the period of the liquidated damages. Arbitration expenses are not a part of the excess contribution for which liquidated damages are calculated. Arbitration expenses will be apportioned between insurers on the same basis that the ultimate loss is apportioned.

EQUIPMENT BREAKDOWN DECLARATIONS PAGE

Named Insured: As listed on policy declarations page
Location(s): As per Statement of Values on file with KALF.

===== COVERAGES =====	LIMITS =====
Equipment Breakdown Limit.....	The lesser of your property policy limits or \$20,000,000, maximum limit per accident.
Property Damage	Included
Off Premises Property Damage.....	Excluded
Business Income	\$1,000,000
Extra Expense	Combined with Business Income
Service Interruption	\$ 1,000,000.
Contingent Business Income.....	Excluded
Perishable Goods	\$ 500,000.
Data Restoration.....	\$ 100,000.
Demolition	\$ 1,000,000.
Ordinance or Law	\$ 1,000,000.
Expediting Expenses.....	\$ 1,000,000.
Hazardous Substances.....	\$ 1,000,000.
Newly Acquired Locations	Included
Ammonia Contamination.....	Included

===== DEDUCTIBLES =====	
Combined, All Coverages	\$1,000 Per Occurrence: Service Interruption is subject to a 24 Hour Waiting Period.

- ===== OTHER CONDITIONS =====
- Newly Acquired Locations: 365 Days
 - Omnibus Location Wording
 - Interruption of Service Waiting Period: 24 Hours

KALF Equipment Breakdown Coverage Form

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

Throughout this policy, the words **you** and **your** refer to the KALF member shown in the Declarations. The words **we**, **us** and **our** refer to the Company providing this Insurance. Other words and phrases that appear in quotation marks have special meaning. Refer to Section G - DEFINITIONS. Examples are shown for illustrative purposes only and do not represent predicted or expected outcomes.

A. COVERAGE

This Equipment Breakdown Coverage provides insurance for a Covered Cause of Loss as defined in A.1. below. In the event of a Covered Cause of Loss, we will pay for loss as described in A.2. below.

1. Covered Cause of Loss – “Accident”

The Covered Cause of Loss for this Equipment Breakdown Coverage is an “accident.” Without an “accident,” there is no Equipment Breakdown Coverage.

a. “Accident” means a fortuitous event that causes direct physical damage to “covered equipment.” The event must be one of the following:

- (1) Mechanical breakdown, including rupture or bursting caused by centrifugal force;
- (2) Artificially generated electrical current, including electrical arcing, that damages electrical devices, appliances or wires;
- (3) Explosion, other than combustion explosion, of steam boilers, steam piping, steam engines or steam turbines;
- (4) An event inside steam boilers, steam pipes, steam engines or steam turbines that damages such equipment;
- (5) An event inside hot water boilers or other water heating equipment that damages such equipment; or
- (6) Bursting, cracking or splitting.

“Accident” does not include any condition or event listed in Definition G.1.b.

b. “Covered Equipment” means the following:

- (1) Unless specified otherwise in the Declarations:
 - (a) Equipment that generates, transmits or utilizes energy, including electronic communications and data processing equipment; or
 - (b) Equipment which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.
- (2) Except as specifically provided for under Off Premises Property Damage, Service Interruption, Contingent Business Income and paragraph (2) of Perishable Goods, such equipment must be at a location described in the Declarations and must be owned or leased by **you** or operated under **your** control.

“Covered equipment” does not include any property listed in Definition G.8.b.

2. Coverages Provided

This section lists the coverages that may apply in the event of an “accident.” Each coverage is subject to a specific limit as shown in the Declarations. See paragraph C.2. for details.

These coverages apply only to the direct result of an “accident.” For each coverage, we will pay only for that portion of the loss, damage or expense that is solely attributable to the “accident.”

a. Property Damage

We will pay for physical damage to “covered property” that is at a location indicated in the Declarations at the time of the “accident.”

b. Off Premises Property Damage

If **you** have transportable “covered equipment” that, at the time of the “accident,” is within the Coverage Territory, but is not:

- (1) At a location indicated in the Declarations; or
- (2) At any other location owned or leased

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- by **you**,
we will pay for physical damage to such
“covered equipment.”
- c. Business Income**
- (1) We will pay **your** actual loss of
“business income” during the
“period of restoration” that results
directly from the necessary total or
partial interruption of **your**
business.
 - (2) We will also pay any necessary
expenses **you** incur during the
“period of restoration” to reduce the
amount of loss under this coverage.
We will pay for such expenses to
the extent that they do not exceed
the amount of loss that otherwise
would have been payable under this
coverage.
 - (3) We will consider the actual
experience of **your** business before
the “accident” and the probable
experience **you** would have had
without the “accident” in
determining the amount of **our**
payment.
- d. Extra Expense**
We will pay the reasonable and necessary
“extra expense” to operate **your** business
during the “period of restoration.”
- e. Service Interruption**
We will pay for **your** loss and expense as
defined under Business Income coverage
and Extra Expense coverage that is the
result of an “interruption of service.”
- f. Contingent Business Income**
We will pay for **your** loss and expense as
defined under Business Income and Extra
Expense coverages that results from an
“interruption of supply.”
- g. Perishable Goods**
- (1) We will pay for physical damage to
“perishable goods” due to
“spoilage.”
 - (2) We will also pay for physical
damage to “perishable goods” due
to “spoilage” that is the result of an
“interruption of service.”
 - (3) We will also pay for physical
damage to “perishable goods” due
to contamination from the release of
refrigerant, including but not limited

to ammonia.

- (4) We will also pay any necessary
expenses **you** incur during the
“period of restoration” to reduce the
amount of loss under this coverage.
We will pay for such expenses to
the extent that they do not exceed
the amount of loss that otherwise
would have been payable under this
coverage.

h. Data Restoration

- (1) We will pay for **your** reasonable
and necessary cost to research,
replace or restore lost “data.”
- (2) We will also pay for **your** loss and
expense as defined under Business
Income coverage and Extra Expense
coverage that is the result of h.(1)
above, if such coverage is otherwise
applicable under this policy. This
coverage is included within and
subject to **your** Data Restoration
limit.

i. Demolition

- (1) This coverage applies if an
“accident” damages a building that
is “covered property” and the loss is
increased by an ordinance or law
that:
 - (a) Requires the demolition of a
building that is otherwise
reparable;
 - (b) Is in force at the time of the
“accident”; and
 - (c) Is not addressed under
Hazardous Substances
coverage.
- (2) We will pay for the following
additional costs to comply with such
ordinance or law:
 - (a) **Your** actual and necessary cost
to demolish and clear the site of
the undamaged parts of the
building; and
 - (b) **Your** actual and necessary cost
to reconstruct the undamaged
parts of the building.
- (3) As used in this coverage, additional
costs mean those beyond what
would have been payable under this
Equipment Breakdown Coverage
had no such ordinance or law been

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in force at the time of the
“accident.”

- (4) We will also pay for **your** loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of i.(1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to **your** Demolition limit.

j. Ordinance or Law

- (1) This coverage applies if an “accident” damages a building that is “covered property” and the loss is increased by an ordinance or law that:
- (a) Regulates the construction or repair of buildings, including “building utilities”;
 - (b) Is in force at the time of the “accident”; and
 - (c) Is not addressed under Demolition coverage or Hazardous Substances coverage.
- (2) We will pay for the following additional costs to comply with such ordinance or law:
- (a) **Your** actual and necessary cost to repair the damaged portions of the building;
 - (b) **Your** actual and necessary cost to reconstruct the damaged portions of the building; and
 - (c) **Your** actual and necessary cost to bring undamaged portions of the building into compliance with the ordinance or law.
- (3) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no such ordinance or law been in force at the time of the “accident.”
- (4) We will also pay for **your** loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of j.(1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to **your** Ordinance or Law

limit.

k. Expediting Expenses

With respect to **your** damaged “covered property,” we will pay the reasonable extra cost to:

- (1) Make temporary repairs; and
- (2) Expedite permanent repairs or permanent replacement.

l. Hazardous Substances

- (1) We will pay for the additional cost to repair or replace “covered property” because of contamination by a “hazardous substance.” This includes the additional expenses to clean up or dispose of such property. This does not include contamination of “perishable goods” by refrigerant, including but not limited to ammonia, which is addressed in Perishable Goods, A.2.g.(3).
- (2) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no “hazardous substance” been involved.
- (3) We will also pay for **your** loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of l.(1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to **your** Hazardous Substances limit.

m. Newly Acquired Locations

- (1) **You** will notify **us** promptly of any newly acquired location that **you** have purchased or leased during the Policy Period.
- (2) All coverages applicable to any scheduled location under this Equipment Breakdown Coverage are extended to a newly acquired location that **you** have purchased or leased during the Policy Period.
- (3) This coverage begins at the time **you** acquire the property. As respects newly constructed properties, we will only consider them to be acquired by **you** when

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you have fully accepted the completed project.

- (4) This coverage ends when any of the following first occurs:
 - (a) This Policy expires;
 - (b) The number of days specified in the Declarations for this coverage expires after **you** acquire the location;
 - (c) The location is incorporated into the regular coverage of this policy; or
 - (d) The location is incorporated into the regular coverage of another Equipment Breakdown policy **you** have.
- (5) If limits or deductibles vary by location, the highest limits and deductibles will apply to newly acquired locations. However, the most we will pay for loss, damage or expense arising from any "one accident" is the amount shown as the Newly Acquired Locations limit in the Declarations.
- (6) We will charge **you** additional premium for newly acquired locations from the date **you** acquire the property.

n. Course of Construction

This coverage is automatically included and does not need to be indicated in the Declarations.

- (1) **You** will notify **us** promptly of any expansion or rehabilitation of any location described in the Declarations.
- (2) All coverages applicable to any location described in the Declarations are extended to an expansion or rehabilitation of that location.
- (3) This coverage begins at the time **you** begin the expansion or rehabilitation project.
- (4) We will charge **you** additional premium for newly acquired equipment from the date the equipment is installed.

B. EXCLUSIONS

We will not pay for any excluded loss, damage or expense, even though any other cause or event

contributes concurrently or in any sequence to the loss, damage or expense.

1. We will not pay for loss, damage or expense caused directly or indirectly by any of the following, whether or not caused by or resulting from an "accident."
 - a. **Fire and Explosion**
 - (1) Fire, including smoke from a fire.
 - (2) Combustion explosion. This includes, but is not limited to, a combustion explosion of any steam boiler or other fired vessel.
 - (3) Any other explosion, except as specifically provided in A.1.a.(3).
 - b. **Ordinance or Law**

The enforcement of, or change in, any ordinance, law, regulation, rule or ruling regulating or restricting repair, replacement, alteration, use, operation, construction or installation, except as specifically provided in A.2.i., j. and l. (Demolition, Ordinance or Law and Hazardous Substances coverages).
 - c. **Earth Movement**

Earth movement, whether natural or human-made, including but not limited to earthquake, shock, tremor, subsidence, landslide, rock fall, earth sinking, sinkhole collapse or tsunami.
 - d. **Nuclear Hazard**

Nuclear reaction, detonation or radiation, or radioactive contamination, however caused.
 - e. **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, political violence or action taken by governmental authority in hindering or defending against any of these.
 - f. **Water**
 - (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;

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- (2) Mudslide or mudflow; or
- (3) Water that backs up or overflows from a sewer, drain or sump.

However, if electrical "covered equipment" requires drying out because of the above, we will pay for the amount **you** actually expend to dry out such equipment, subject to the applicable Property Damage limit and Direct Coverage deductible. We will not pay more than the Actual Cash Value of the affected electrical "covered equipment." We will not pay to replace such equipment or for any other loss, damage or expense.

- g. **Failure to Protect Property**
Your failure to use all reasonable means to protect "covered property" from damage following an "accident."
 - h. **Fines**
Fine, penalty or punitive damage.
 - i. **Mold**
Mold, fungus, mildew or yeast, including any spores or toxins created or produced by or emanating from such mold, fungus, mildew or yeast. This includes, but is not limited to, costs arising from clean-up, remediation, containment, removal or abatement of such mold, fungus, mildew, yeast, spores or toxins. However, this exclusion does not apply to "spoilage" of personal property that is "perishable goods" to the extent that such "spoilage" is covered under Perishable Goods coverage.
 - j. **Deliberate Acts**
The deliberate act of any person to cause damage or harm, including but not limited to vandalism, malicious mischief or sabotage.
2. We will not pay for an "accident" caused by or resulting from any of the following causes of loss:
- a. Lightning.
 - b. Windstorm or Hail. However, this exclusion does not apply when:
 - (1) "Covered equipment" located within a building or structure suffers an "accident" that results from wind-blown rain, snow, sand or dust; and
 - (2) The building or structure did not first sustain wind or hail damage to its roof or walls through which the rain, snow, sand or dust entered.
 - c. Collision or any physical contact caused by a "vehicle." This includes damage by objects falling from aircraft. However, this exclusion does not apply to any unlicensed "vehicles" which **you** own or which are operated in the course of **your** business.
 - d. Riot or Civil Commotion.
 - e. Leakage or discharge of any substance from an automatic sprinkler system, including collapse of a tank that is part of the system.
 - f. Volcanic Action.
 - g. An electrical insulation breakdown test.
 - h. A hydrostatic, pneumatic or gas pressure test.
 - i. Water or other means intended to extinguish a fire, even when such an attempt is unsuccessful.
 - j. Elevator collision.
3. We will not pay for an "accident" caused by or resulting from any of the following perils, if such peril is a covered cause of loss under another coverage part or policy of insurance **you** have, whether collectible or not, and without regard to whether or not the other coverage part or policy of insurance provides the same coverage or scope of coverage as this policy.
- a. Falling Objects.
 - b. Weight of Snow, Ice or Sleet.
 - c. Water Damage, meaning discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance containing water or steam.
 - d. Collapse.
 - e. Breakage of Glass.
 - f. Freezing caused by cold weather.
 - g. Discharge of molten material from equipment, including the heat from such discharged material.
4. Exclusions 2. and 3. do not apply if all of the following are true:
- a. The excluded peril occurs away from any location described in the Declarations and causes an electrical surge or other electrical disturbance;
 - b. Such surge or disturbance is transmitted through utility service transmission lines to a described location;
 - c. At the described location, the surge or

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- disturbance results in an “accident” to “covered equipment” that is owned or operated under the control of **you** or **your** landlord; and
- d. The loss, damage or expense caused by such surge or disturbance is not a covered cause of loss under another coverage part or policy of insurance **you** have, whether collectible or not, and without regard to whether or not the other coverage part or policy of insurance provides the same coverage or scope of coverage as this policy.
5. With respect to Business Income, Extra Expense and Service Interruption coverages, we will also not pay for:
- a. Loss associated with business that would not or could not have been carried on if the “accident” had not occurred;
- b. Loss caused by **your** failure to use due diligence and dispatch and all reasonable means to resume business;
- c. That part of any loss that extends beyond or occurs after the “period of restoration.” This includes, but is not limited to:
- (1) “Business income” that would have been earned after the “period of restoration,” even if such loss is the direct result of the suspension, lapse or cancellation of a contract during the “period of restoration”; and
- (2) “Extra expense” to operate **your** business after the “period of restoration,” even if such loss is contracted for and paid during the “period of restoration.”
- d. Any increase in loss resulting from an agreement between **you** and **your** customer or supplier. This includes, but is not limited to, contingent bonuses or penalties, late fees, demand charges, demurrage charges and liquidated damages.
6. With respect to Off Premises Property Damage coverage, Service Interruption coverage, Contingent Business Income coverage and paragraph (2) of Perishable Goods coverage, we will also not pay for an “accident” caused by or resulting from any of the perils listed in Exclusion 3. above, whether or not such peril is a covered cause of loss under another coverage part or policy of insurance **you** have.
7. With respect to Data Restoration coverage, we will also not pay to reproduce:
- a. Software programs or operating systems that are not commercially available; or
- b. “Data” that is obsolete, unnecessary or useless to **you**.
8. With respect to Demolition and Ordinance or Law coverages, we will also not pay for:
- a. Increased demolition or reconstruction costs until they are actually incurred; or
- b. Loss due to any ordinance or law that:
- (1) **You** were required to comply with before the loss, even if the building was undamaged; and
- (2) **You** failed to comply with; whether or not **you** were aware of such non-compliance.

C. LIMITS OF INSURANCE

Any payment made under this Equipment Breakdown Coverage will not be increased if more than one KALF member is shown in the Declarations or if **you** are comprised of more than one legal entity.

1. Equipment Breakdown Limit

The most we will pay for loss, damage or expense arising from any "one accident" is the amount shown as the Equipment Breakdown Limit in the Declarations.

2. Coverage Limits

- a. The limit of **your** insurance under each of the coverages listed in A.2. from loss, damage or expense arising from any "one accident" is the amount indicated for that coverage in the Declarations. These limits are a part of, and not in addition to, the Equipment Breakdown Limit. If an amount of time is shown, coverage will continue for no more than that amount of time immediately following the "accident." If a coverage is shown as "Included," that coverage is provided up to the remaining amount of the Equipment Breakdown Limit. If no limit is shown in the Declarations for a coverage, or if a coverage is shown as Excluded in the Declarations, that coverage will be considered to have a limit of \$0.
- b. If two or more coverage limits apply to the same loss or portion of a loss, we will pay only the smallest of the applicable limits for that loss or portion of the loss. This means that if:
 - (1) **You** have a loss under one of the coverages listed in A.2.; and
 - (2) All or part of the loss is not covered because the applicable coverage is Excluded or has a limit that is less than the amount of **your** loss,we will not pay the remaining amount of such loss under any other coverage.

EXAMPLE 1

Property Damage Limit: \$7,000,000

Business Income Limit: \$1,000,000

Newly Acquired Locations Limit: \$500,000

There is an "accident" at a newly acquired location that results in a Property Damage loss of \$200,000 and a Business Income loss of \$800,000.

We will pay \$500,000, because the entire loss is subject to the Newly Acquired Locations Limit of \$500,000.

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EXAMPLE 2

Property Damage Limit: \$7,000,000

Business Income Limit: \$500,000

Hazardous Substances Limit: \$25,000

There is an "accident" that results in a loss of \$100,000. If no "hazardous substance" had been involved, the property damage loss would have been \$10,000 and the business income loss would have been \$20,000. The presence of the "hazardous substance" increased the loss by \$70,000 (increasing the clean up and repair costs by \$30,000 and increasing the business income loss by \$40,000).

We will pay \$55,000 (\$10,000 property damage plus \$20,000 business income plus \$25,000 hazardous substances).

D. DEDUCTIBLES

1. Deductibles for Each Coverage

- a. Unless the Declarations indicate that **your** deductible is combined for all coverages, multiple deductibles may apply to any "one accident."
- b. We will not pay for loss, damage or expense under any coverage until the amount of the covered loss or damage exceeds the deductible amount indicated for that coverage in the Declarations. We will then pay the amount of loss, damage or expense in excess of the applicable deductible amount, subject to the applicable limit indicated in the Declarations.
- c. If deductibles vary by type of "covered equipment" and more than one type of "covered equipment" is involved in any "one accident," only the highest deductible for each coverage will apply.
- d. The following applies when a deductible is expressed as a function of the horsepower rating of a refrigerating or air conditioning system. If more than one compressor is used with a single system, the horsepower rating of the largest motor or compressor will determine the horsepower rating of the system.

2. Direct and Indirect Coverages

- a. Direct Coverages Deductibles and Indirect Coverages Deductibles may be indicated in the Declarations.
- b. Unless more specifically indicated in the Declarations:
 - (1) Indirect Coverages Deductibles apply to Business Income and Extra Expense loss, regardless of where

such coverage is provided in this Equipment Breakdown Coverage; and

- (2) Direct Coverages Deductibles apply to all remaining loss, damage or expense covered by this Equipment Breakdown Coverage.

EXAMPLE

An "accident" results in covered losses as follows:

\$100,000 Total Loss (all applicable coverages)

\$ 35,000 Business Income Loss (including \$2,000 of business income loss payable under Data Restoration coverage)

\$ 5,000 Extra Expense Loss

In this case, the Indirect coverages loss totals \$40,000 before application of the Indirect Coverage Deductible. The Direct coverages loss totals the remaining \$60,000 before application of the Direct Coverage Deductible.

3. Application of Deductibles

a. Dollar Deductibles

We will not pay for loss, damage or expense resulting from any "one accident" until the amount of loss, damage or expense exceeds the applicable deductible or deductibles shown in the Declarations. We will then pay the amount of loss, damage or expense in excess of the applicable deductible or deductibles, subject to the applicable limits shown in the Declarations.

b. Time Deductibles

If a time deductible is shown in the Declarations, we will not be liable for any loss occurring during the specified number of hours or days immediately following the "accident." If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.

c. Multiple of Average Daily Value (ADV) Deductibles

If a deductible is expressed as a number times ADV, that amount will be calculated as follows:

The ADV (Average Daily Value) will be the "business income" that would have been earned during the period of interruption had no "accident" occurred, divided by the number of working days in that period. The ADV applies to the

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“business income” value of the entire location, whether or not the loss affects the entire location. If more than one location is included in the valuation of the loss, the ADV will be the combined value of all affected locations. For purposes of this calculation, the period of interruption may not extend beyond the “period of restoration.”

The number indicated in the Declarations will be multiplied by the ADV as determined above. The result will be used as the applicable deductible.

EXAMPLE

Business is interrupted, partially or completely, for 10 working days. If there had been no “accident,” the total “business income” at the affected location for those 10 working days would have been \$5,000. The Indirect Coverages Deductible is 3 Times ADV.

$\$5,000 / 10 = \500 ADV

$3 \times \$500 = \$1,500$ Indirect Coverages Deductible

d. Percentage of Loss Deductibles

If a deductible is expressed as a percentage of loss, we will not be liable for the indicated percentage of the gross amount of loss, damage or expense (prior to any applicable deductible or coinsurance) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated Minimum Deductible, the Minimum Deductible will be the applicable deductible.

E. LOSS CONDITIONS

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

1. Abandonment

There can be no abandonment of any property to **us**.

2. Brands and Labels

If branded or labeled merchandise that is “covered property” is damaged by an “accident,” but retains a salvage value, **you** may, at **your** expense:

- a. Stamp the word SALVAGE on the merchandise or its containers if the stamp will not physically damage the merchandise; or
- b. Remove the brands or labels, if doing so will not physically damage the

merchandise. **You** must re-label the merchandise or its containers to comply with the law.

We will pay for any reduction in value of the salvage merchandise resulting from either of these two actions, subject to all applicable limits.

If a Brands and Labels Limit is shown on the Declarations, we will not pay more than the indicated amount for coverage under this Condition.

3. Coinsurance - Business Income Coverage

a. Unless otherwise shown in the Declarations, Business Income coverage is subject to coinsurance. This means that we will not pay the full amount of any “business income” loss if the “business income actual annual value” is greater than the “business income estimated annual value” at the affected location at the time of the “accident.” Instead, we will determine the most we will pay using the following steps:

- (1) Divide the “business income estimated annual value” by the “business income actual annual value” at the time of the “accident”;
- (2) Multiply the total amount of the covered loss of “business income” by the amount determined in paragraph (1) above;
- (3) Subtract the applicable deductible from the amount determined in paragraph (2) above;

The resulting amount, or the Business Income Limit, whichever is less, is the most we will pay. For the remainder, **you** will either have to rely on other insurance or absorb the loss yourself.

b. Coinsurance applies separately to each insured location.

c. If **you** report a single “business income estimated annual value” for more than one location, without providing information on how that amount should be distributed among the locations, we will distribute the amount evenly among all applicable locations.

EXAMPLE 1 (Underinsurance)

When:

The “business income actual annual value” at the location of loss at the time of the “accident”

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is \$200,000.

The "business income estimated annual value" shown in the Declarations for the location of loss is \$100,000.

The actual loss of "business income" resulting from the "accident" is \$40,000.

The Business Income limit is \$100,000.

The Business Income deductible is \$5,000.

Step 1: $\$100,000 / \$200,000 = .5$

Step 2: $\$40,000 \times .5 = \$20,000$

Step 3: $\$20,000 - \$5,000 = \$15,000$

The total "business income" loss recovery, after deductible, would be \$15,000. For the remainder, **you** will either have to rely on other insurance or absorb the loss yourself.

We will also charge **you** an additional premium in recognition of the actual "business income annual value."

EXAMPLE 2 (Adequate insurance)

When:

The "business income actual annual value" at the location of loss at the time of the "accident" is \$200,000.

The "business income estimated annual value" shown in the Declarations for the location of loss is \$200,000.

The actual loss of "business income" resulting from the "accident" is \$40,000.

The Business Income limit is \$100,000.

The Business Income deductible is \$5,000.

Step 1: $\$200,000 / \$200,000 = 1$

Step 2: $\$40,000 \times 1 = \$40,000$

Step 3: $\$40,000 - \$5,000 = \$35,000$

The total "business income" loss recovery, after deductible, would be \$35,000.

4. Coinsurance – Coverages other than Business Income

Coverages other than Business Income may be subject to coinsurance if so indicated in the Declarations. If a Coinsurance percentage is shown in the Declarations, the following condition applies.

- a. We will not pay the full amount of any loss if the value of the property subject to the coverage at the time of the "accident" times the Coinsurance percentage shown for it in the Declarations is greater than the applicable limit.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of the property subject to the coverage at the time of the "accident" by the Coinsurance percentage;
- (2) Divide the applicable limit by the amount determined in step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the amount determined in step (2); and
- (4) Subtract the deductible from the amount determined in step (3).

We will pay the amount determined in step (4) or the applicable limit, whichever is less. For the remainder, **you** will either have to rely on other insurance or absorb the loss yourself.

- b. Coinsurance applies separately to each insured location.

EXAMPLE 1 (Underinsurance)

When:

The actual value of "perishable goods" at the location of loss at the time of the "accident" is \$200,000.

The Perishable Goods limit is \$100,000 @ 80% coinsurance.

The loss under Perishable Goods coverage resulting from the "accident" is \$60,000.

The Perishable Goods deductible is \$5,000.

Step 1: $\$200,000 \times 80\% = \$160,000$

Step 2: $\$100,000 / \$160,000 = .625$

Step 3: $\$60,000 \times .625 = \$37,500$

Step 4: $\$37,500 - \$5,000 = \$32,500$

The total Perishable Goods loss recovery, after deductible, would be \$32,500. For the remainder, **you** will either have to rely on other insurance or absorb the loss yourself.

EXAMPLE 2 (Adequate insurance)

When:

The actual value of "perishable goods" at the location of loss at the time of the "accident" is \$100,000.

The Perishable Goods limit is \$100,000 @ 80% coinsurance.

The loss under Perishable Goods coverage resulting from the "accident" is \$60,000.

The Perishable Goods deductible is \$5,000.

Step 1: $\$100,000 \times 80\% = \$80,000$

Step 2: $\$100,000 / \$80,000 = 1.25$

Coinsurance does not apply.

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Step 3: \$60,000 - \$5,000 = \$55,000

The total Perishable Goods loss recovery, after deductible, would be \$55,000.

5. Defense

We have the right, but are not obligated, to defend **you** against suits arising from claims of owners of property in **your** care, custody or control. When **we** do this, it will be at **our** expense.

6. Duties in the Event of Loss or Damage

You must see that the following are done in the event of loss or damage:

- a. Give **us** a prompt notice of the loss or damage, including a description of the property involved.
- b. **You** must reduce **your** loss, damage or expense, if possible, by:
 - (1) Protecting property from further damage. **We** will not pay for **your** failure to protect property, as stated in Exclusion B.1.g.;
 - (2) Resuming business, partially or completely at the location of loss or at another location;
 - (3) Making up lost business within a reasonable amount of time. This includes working extra time or overtime at the location of loss or at another location. The reasonable amount of time does not necessarily end when the operations are resumed;
 - (4) Using merchandise or other property available to **you**;
 - (5) Using the property or services of others; and
 - (6) Salvaging the damaged property.
- c. Allow **us** a reasonable time and opportunity to examine the property and premises before repair or replacement is undertaken or physical evidence of the "accident" is removed. But **you** must take whatever measures are necessary for protection from further damage.
- d. Make no statement that will assume any obligation or admit any liability, for any loss, damage or expense for which **we** may be liable, without **our** consent.
- e. Promptly send **us** any legal papers or notices received concerning the loss, damage or expense.

- f. As often as may be reasonably required, permit **us** to inspect **your** property, premises 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.
- g. If requested, permit **us** to examine **you** and any of **your** agents, employees and representatives under oath. **We** may examine any insured under oath while not in the presence of any other insured. Such examination:
 - (1) May be at any time reasonably required;
 - (2) May be about any matter relating to this insurance, **your** loss, damage or expense, or **your** claim, including, but not limited to, **your** books and records; and
 - (3) May be recorded by **us** by any methods **we** choose.
- h. Send **us** a signed, sworn proof of loss containing the information **we** request. **You** must do this within 60 days after **our** request.
- i. Cooperate with **us** in the investigation and settlement of the claim.

7. Errors and Omissions

- a. **We** will pay **your** loss covered by this Equipment Breakdown coverage if such loss is otherwise not payable solely because of any of the following:
 - (1) Any error or unintentional omission in the description or location of property as insured under this policy;
 - (2) Any failure through error to include any premises owned or occupied by **you** at the inception of this policy; or
 - (3) Any error or unintentional omission by **you** that results in cancellation of any premises insured under this policy.
- b. No coverage is provided as a result of any error or unintentional omission by **you** in the reporting of values or the coverage **you** requested.
- c. It is a condition of this coverage that such errors or unintentional omissions shall be reported and corrected when discovered.

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The policy premium will be adjusted accordingly to reflect the date the premises should have been added had no error or omission occurred.

- d. If an Errors and Omissions Limit is shown on the Declarations, **we** will not pay more than the indicated amount for coverage under this Condition.

8. Proving Your Loss

It is **your** responsibility, at **your** own expense, to provide documentation to **us**:

- a. Demonstrating that the loss, damage or expense is the result of an "accident" covered under this Equipment Breakdown Coverage; and
- b. Calculating the dollar amount of the loss, damage and expense that **you** claim is covered.

Your responsibility in 8.a. above is without regard to whether or not the possible "accident" occurred at **your** premises or involved **your** equipment.

9. Salvage and Recoveries

When, in connection with any loss under this Equipment Breakdown Coverage, any salvage or recovery is received after the payment for such loss, the amount of the loss shall be refigured on the basis on which it would have been settled had the amount of salvage or recovery been known at the time the loss was originally determined. Any amounts thus found to be due either party from the other shall be paid promptly.

10. Valuation

We will determine the value of "covered property" as follows:

- a. Except as specified otherwise, **our** payment for damaged "covered property" will be the smallest of:
- (1) The cost to repair the damaged property;
 - (2) The cost to replace the damaged property on the same site; or
 - (3) The amount **you** actually spend that is necessary to repair or replace the damaged property.
- b. The amount of **our** payment will be based on the most cost-effective means to replace the function, capacity and remaining useful life of the damaged property. This may include the use of generic, used or reconditioned parts, equipment or property.

- c. Except as described in d. below, **you** must pay the extra cost of replacing damaged property with property of a better kind or quality or of a different size or capacity.

d. Environmental, Safety and Efficiency Improvements

If "covered equipment" requires replacement due to an "accident," **we** will pay **your** additional cost to replace with equipment that **we** agree is better for the environment, safer for people or more energy efficient than the equipment being replaced, subject to the following conditions:

- (1) **We** will not pay more than 125% of what the cost would have been to replace with like kind and quality;
- (2) **We** will not pay to increase the size or capacity of the equipment;
- (3) This provision only applies to Property Damage coverage;
- (4) This provision does not increase any of the applicable limits;
- (5) This provision does not apply to any property valued on an Actual Cash Value basis; and
- (6) This provision does not apply to the replacement of component parts.

- e. The following property will be valued on an Actual Cash Value basis:
- (1) Any property that does not currently serve a useful or necessary function for **you**;
 - (2) Any "covered property" that **you** do not repair or replace within 24 months after the date of the "accident"; and
 - (3) Any "covered property" for which Actual Cash Value coverage is specified in the Declarations.

Actual Cash Value includes deductions for depreciation.

- f. If any one of the following conditions is met, property held for sale by **you** will be valued at the sales price as if no loss or damage had occurred, less any discounts and expenses that otherwise would have applied:
- (1) The property was manufactured by **you**;
 - (2) The sales price of the property is less than the replacement cost of the

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- property; or
- (3) **You** are unable to replace the property before its anticipated sale.
- g. Except as specifically provided for under Data Restoration coverage, “data” and “media” will be valued on the following basis:
- (1) For mass-produced and commercially available software, at the replacement cost.
- (2) For all other “data” and “media,” at the cost of blank “media” for reproducing the records. **We** will not pay for “data” representing financial records based on the face value of such records.
- h. Air conditioning or refrigeration equipment that utilizes a refrigerant containing CFC (chlorofluorocarbon) substances will be valued at the cost to do the least expensive of the following:
- (1) Repair or replace the damaged property and replace any lost CFC refrigerant;
- (2) Repair the damaged property, retrofit the system to accept a non-CFC refrigerant and charge the system with a non-CFC refrigerant; or
- (3) Replace the system with one using a non-CFC refrigerant.

In determining the least expensive option, **we** will include any associated Business Income or Extra Expense loss. If option (2) or (3) is more expensive than (1), but **you** wish to retrofit or replace anyway, **we** will consider this better for the environment and therefore make this eligible for valuation under paragraph d., Environmental, Safety and Efficiency Improvements. In such case, E.10.d.(1) is amended to read: “**We** will not pay more than 125% of what the cost would have been to repair or replace with like kind and quality.”

F. ADDITIONAL CONDITIONS

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

1. Additional Insured

If a person or organization is designated in this Equipment Breakdown Coverage as an additional insured, **we** will consider them to be

an insured under this Equipment Breakdown Coverage only to the extent of their interest in the “covered property.”

2. Bankruptcy

The bankruptcy or insolvency of **you** or **your** estate will not relieve **you** or **us** of any obligation under this Equipment Breakdown Coverage.

3. Concealment, Misrepresentation or Fraud

We will not pay for any loss and coverage will be void if **you** or any additional insured at any time:

- a. Intentionally cause or allow loss, damage or expense in order to collect on insurance; or
- b. Intentionally conceal or misrepresent a material fact concerning:
- (1) This Equipment Breakdown Coverage;
- (2) The “covered property”;
- (3) **Your** interest in the “covered property”;
- (4) A claim under this Equipment Breakdown Coverage.

4. Jurisdictional Inspections

It is **your** responsibility to comply with any state or municipal boiler and pressure vessel regulations. If any “covered equipment” that is “covered property” requires inspection to comply with such regulations, at **your** option **we** agree to perform such inspection.

5. Legal Action Against Us

No one may bring a legal action against **us** under this Equipment Breakdown Coverage unless:

- a. There has been full compliance with all the terms of this Equipment Breakdown Coverage; and
- b. The action is brought within two years after the date of the “accident” or
- c. **We** agree in writing that **you** have an obligation to pay for damage to “covered property” of others or until the amount of that obligation has been determined by final judgment or arbitration award. No one has the right under this policy to bring **us** into an action to determine **your** liability.

6. Liberalization

If **we** adopt any standard form revision for general use that would broaden the coverage

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under this Equipment Breakdown Coverage without additional premium, the broadened coverage will apply to this Equipment Breakdown Coverage commencing on the date that such revision becomes effective in the jurisdiction where the "accident" occurs.

7. Loss Payable

- a. **We** will pay **you** and the loss payee shown in the Declarations for loss covered by this Equipment Breakdown Coverage, as interests may appear. The insurance covers the interest of the loss payee unless the loss results from conversion, secretion or embezzlement on **your** part or on the part of the loss payee.
- b. **We** may cancel the policy as allowed by the Cancellation Condition. Cancellation ends this agreement as to the loss payee's interest. If **we** cancel, **we** will mail **you** and the loss payee the same advance notice.
- c. If **we** make any payment to the loss payee, **we** will obtain their rights against any other party.

8. Maintaining Your Property and Equipment

It is **your** responsibility to appropriately maintain **your** property and equipment. **We** will not pay **your** costs to maintain, operate, protect or enhance **your** property or equipment, even if such costs are to comply with **our** recommendations or prevent loss, damage or expense that would be covered under this policy.

9. Mortgage Holders

- a. The term mortgage holder includes trustee.
- b. **We** will pay for direct damage to "covered property" due to an "accident" to "covered equipment" to **you** and each mortgage holder shown in the Declarations in their order of precedence, as interests in the "covered property" may appear.
- c. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the "covered property."
- d. If **we** deny **your** claim because of **your** acts or because **you** have failed to comply with the terms of this Equipment Breakdown Coverage, the mortgage holder will still have the right to receive loss payment, provided the mortgage holder does all of the following:
 - (1) Pays any premium due under this

Equipment Breakdown Coverage 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;
- (3) Has notified **us** of any change in ownership or material change in risk known to the mortgage holder; and
- (4) Has complied with all other terms and conditions of this Policy.

All of the terms of this Equipment Breakdown Coverage will then apply directly to the mortgage holder.

- e. If **we** pay the mortgage holder for any loss and deny payment to **you** because of **your** acts or because **you** have failed to comply with the terms of this Equipment Breakdown Coverage:

- (1) The mortgage holder's right under the mortgage will be transferred to **us** to the extent of the amount **we** pay; and
- (2) The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At **our** option, **we** may pay to the mortgage holder 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 mortgage holder 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 mortgage holder at least 10 days before the expiration date of this policy.
- h. If **we** suspend coverage, it will also be suspended as respects the mortgage holder. **We** will give written notice of the suspension to the mortgage holder.

10. Other Insurance

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If there is other insurance that applies to the same loss, damage or expense, this Equipment Breakdown Coverage shall apply only as excess insurance after all other applicable insurance has been exhausted.

11. Policy Period, Coverage Territory

Under this Equipment Breakdown Coverage:

- a. The "accident" must occur during the Policy Period, but expiration of the policy does not limit **our** liability.
- b. The "accident" must occur within the following Coverage Territory:
 - (1) The United States of America (including its territories and possessions);
 - (2) Puerto Rico; and
 - (3) Canada.

12. Privilege to Adjust with Owner

In the event of loss, damage or expense involving property of others in **your** care, custody or control, **we** have the right to settle the loss, damage or expense with respect to such property with the owner of the property. Settlement with owners of that property will satisfy any claim of **yours**.

13. Suspension

Whenever "covered equipment" is found to be in, or exposed to, a dangerous condition, any of **our** representatives may immediately suspend the insurance against loss from an "accident" to that "covered equipment." This can be done by delivering or mailing a written notice of suspension to:

- a. **Your** last known address; or
- b. The address where the "covered equipment" is located.

Once suspended in this way, **your** insurance can be reinstated only by an endorsement for that "covered equipment."

If **we** suspend **your** insurance, **you** will get a pro rata refund of premium for that "covered equipment" for the period of suspension. But the suspension will be effective even if **we** have not yet made or offered a refund.

14. Transfer of Rights of Recovery Against Others to Us

If any person or organization to or for whom **we** make payment under this Equipment Breakdown Coverage 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 an "accident."
- b. After an "accident" only if, at time of the "accident," that party is one of the following:
 - (1) Someone insured by this Policy; or
 - (2) A business firm:
 - (a) Owned or controlled by **you**; or
 - (b) That owns or controls **you**.

G. DEFINITIONS

1. "Accident"

- a. "Accident" is defined in A.1.a.
- b. None of the following is an "accident," however caused and without regard to whether such condition or event is normal and expected or unusual and unexpected:
 - (1) Depletion, deterioration, rust, corrosion, erosion, settling or wear and tear;
 - (2) Any gradually developing condition;
 - (3) Any defect, programming error, programming limitation, computer virus, malicious code, loss of "data," loss of access, loss of use, loss of functionality or other condition within or involving "data" or "media" of any kind;
 - (4) Contamination by a "hazardous substance"; or
 - (5) Misalignment, miscalibration, tripping off-line, or any condition which can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance.

2. "Boilers and Vessels" means:

- a. Boilers;
- b. Steam piping;
- c. Piping that is part of a closed loop used to conduct heat from a boiler;
- d. Condensate tanks; and
- e. Unfired vessels which, during normal usage, operate under vacuum or pressure, other than the weight of contents.

This term does not appear elsewhere in this coverage form, but may appear in the Declarations.

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3. **“Building Utilities”** means “covered equipment” permanently mounted on or in a building and used to provide any of the following services within the building: heating, ventilating, air conditioning, electrical power, hot water, elevator or escalator services, natural gas service or communications. “Building utilities” does not include personal property or equipment used in manufacturing or processing.
4. **“Buried Vessels or Piping”** means any piping or vessel buried or encased in the earth, concrete or other material, whether above or below grade, or in an enclosure which does not allow access for inspection and repair.
5. **“Business Income”** means the sum of:
- a. The Net Income (net profit or loss before income taxes) that would have been earned or incurred; and
 - b. Continuing normal and necessary operating expenses incurred, including employee payroll.
6. **“Business Income Actual Annual Value”** means the “business income” for the current fiscal year that would have been earned had no “accident” occurred.
- In calculating the “business income actual annual value,” **we** will take into account the actual experience of **your** business before the “accident” and the probable experience **you** would have had without the “accident.”
7. **“Business Income Estimated Annual Value”** means the anticipated “business income” reported to **us** and shown in the Declarations. If no value is shown in the Declarations, the “business income estimated annual value” will be the most recent report of anticipated “business income” values on file with **us**.
8. **“Covered Equipment”**
- a. “Covered Equipment” is defined in A.1.b.
 - b. None of the following is “covered equipment”:
 - (1) Structure, including but not limited to the structural portions of buildings and towers, scaffolding, and any air supported enclosure;
 - (2) Foundation;
 - (3) Cabinet, compartment, conduit or ductwork;
 - (4) Insulating or refractory material;
 - (5) “Buried vessels or piping”;
 - (6) Waste, drainage or sewer piping;
 - (7) Piping, valves or fittings forming a part of a sprinkler or fire suppression system;
 - (8) Water piping that is not part of a closed loop used to conduct heat or cooling from a boiler or a refrigeration or air conditioning system;
 - (9) “Vehicle” or any equipment mounted on a “vehicle”;
 - (10) Satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
 - (11) Dragline, excavation or construction equipment;
 - (12) Equipment manufactured by **you** for sale; or
 - (13) “Data.”
9. **“Covered Property”**
- a. “Covered Property” means property that **you** own or property that is in **your** care, custody or control and for which **you** are legally liable. Such property must be at a location described in the Declarations except as provided under Off Premises Property Damage coverage.
 - b. None of the following is “covered property”:
 - (1) Accounts, bills, currency, deeds or other evidences of debt, money, notes or securities;
 - (2) Fine arts, jewelry, furs or precious stones;
 - (3) Precious metal, unless forming a part of “covered equipment”;
 - (4) Animals;
 - (5) Contraband, or property in the course of illegal transportation or trade;
 - (6) Land (including land on which the property is located), water, trees, growing crops or lawns; or
 - (7) Shrubs or plants, unless held indoors for retail sale.
10. **“Data”** means information or instructions stored in digital code capable of being processed by machinery.
11. **“Electrical Generating Equipment”**
- a. “Electrical Generating Equipment” means equipment which converts any other form of energy into electricity. This includes, but is not limited to, the following:
 - (1) Boilers used primarily to provide steam for one or more turbine-generator

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- units;
- (2) Turbine-generators (including steam, gas, water or wind turbines);
 - (3) Engine-generators;
 - (4) Fuel cells or other alternative electrical generating equipment;
 - (5) Electrical transformers, switchgear and power lines used to convey the generated electricity; and
 - (6) Associated equipment necessary for the operation of any of the equipment listed in (1) through (5) above.
- b. "Electrical Generating Equipment" does not mean:
- (1) Elevator or hoist motors that generate electricity when releasing cable; or
 - (2) Equipment intended to generate electricity solely on an emergency, back-up basis.

This term does not appear elsewhere in this coverage form, but may appear in the Declarations.

12. **"Extra Expense"** means the additional cost **you** incur to operate **your** business over and above the cost that **you** normally would have incurred to operate **your** business during the same period had no "accident" occurred.
13. **"Hazardous Substance"** means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.
14. **"Interruption of Service"**
- a. "Interruption of Service" means a failure or disruption of the normal supply of any of the Covered Services listed in b. below, when such failure or disruption is caused by an "accident" to "covered equipment," subject to the conditions listed in c. through f. below.
 - b. Covered Services are electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks and data transmission.
 - c. The "covered equipment" must either be:
 - (1) Owned by a company with whom **you** have a contract to supply **you** with one of the Covered Services; or
 - (2) Used to supply **you** with one of the Covered Services and located within

- one mile of a location described in the Declarations.
- d. If a Service Interruption Distance Limitation is indicated in the Declarations, the "covered equipment" suffering the "accident" must be located within the indicated distance of any location described in the Declarations.
 - e. If an Interruption of Service Waiting Period is indicated in the Declarations, no failure or disruption of service will be considered to qualify as an "interruption of service" until the failure or disruption exceeds the indicated number of hours immediately following the "accident."
 - f. "Interruption of service" does not include any failure or disruption, whether or not arising from or involving an "accident," in which a supplier could have continued to provide service to the location but chose for any reason to reduce or discontinue service.

15. **"Interruption of Supply"**

- a. "Interruption of Supply" means a failure or disruption of the normal supply of any of the Covered Contingencies listed below, when such failure or disruption is caused by an "accident" to "covered equipment" that is located at a Contingent Business Income supplier or receiver location indicated in the Declarations. If no Contingent Business Income supplier or receiver location is indicated in the Declarations, the "covered equipment" must be owned by a supplier from whom **you** have received the Covered Contingency for at least six months prior to the "accident" or a receiver to whom **you** have supplied the Covered Contingency for at least six months prior to the "accident."
 - b. Covered Contingencies are raw materials, intermediate products, finished products, packaging materials and product processing services.
16. **"Media"** means material on which "data" is recorded, such as magnetic tapes, hard disks, optical disks or floppy disks.
17. **"One Accident"** means all "accidents" occurring at the same time from the same event. If an "accident" causes other "accidents," all will be considered "one accident."
18. **"Ordinary Payroll"** means the Payroll Expenses associated with all employees other

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than executives, department managers and employees under contract.

As used above, Payroll Expenses means all payroll, employee benefits directly related to payroll, FICA payments **you** pay, union dues **you** pay and workers compensation premiums.

“Ordinary payroll” does not include pensions or directors fees.

This term does not appear elsewhere in this coverage form, but may appear in the Declarations.

19. “Period of Restoration” means the period of time that begins at the time of the “accident” and continues until the earlier of:

- a. The date the physical damage to “covered equipment” is repaired or replaced; or
- b. The date on which such damage could have been repaired or replaced with the exercise of due diligence and dispatch,

plus the number of days, if any, shown in the Declarations for Extended Period of Restoration.

20. “Perishable Goods” means any “covered property” subject to deterioration or impairment as a result of a change of conditions, including but not limited to temperature, humidity or pressure.

21. “Production Machinery” means any machine or apparatus that processes or produces a product intended for eventual sale. This includes all component parts of such machine or apparatus and any other equipment used exclusively with such machine or apparatus.

This term does not appear elsewhere in this coverage form, but may appear in the Declarations.

22. “Spoilage” means any detrimental change in state. This includes but is not limited to thawing of frozen goods, warming of refrigerated goods, freezing of fresh goods, solidification of liquid or molten material and chemical reactions to material in process.

23. “Vehicle” means any machine or apparatus that is used for transportation or moves under its own power. “Vehicle” includes, but is not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester.

However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a “vehicle.”

GENERAL LIABILITY COVERAGE FORM

This Coverage Form explains **YOUR GENERAL LIABILITY COVERAGE**. The coverages referenced in this Coverage Form are:

- Coverage A. Bodily Injury and Property Damage Liability
- Coverage B. Personal Injury and Advertising Injury Liability
- Coverage C. Fire, Explosion or Water Damage Liability
- Coverage D. Medical Payments

No obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under the insuring agreement applicable to these coverages.

These coverages are subject to exclusions that restrict coverage. The amount **we** will pay is limited as described on the Declarations Page. Read the entire Policy carefully to determine rights, duties and what is and is not covered.

Throughout this Coverage Form the words **you** and **your** refer to the Named **Insured** shown in the Declarations, and any other person or organization qualifying as an **insured** under this Coverage Form. 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 WHO IS AN INSURED (SECTION II).

Other words and phrases that appear in **bold** have special meaning. Refer to DEFINITIONS (SECTION V).

SECTION I - COVERAGES

A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

We will pay those sums that the **insured** becomes legally obligated to pay as **damages** because of **bodily injury** or **property damage** to which this insurance applies. This insurance applies only to **bodily injury** and **property damage** that occurs during the Policy Period. The **bodily injury** or **property damage** must be caused by an **occurrence**. The **occurrence** must take place in the **coverage territory**. **We** will have the right and duty to defend any **suit** to which this insurance applies, seeking those **damages**; but:

- a. **we** may investigate any **occurrence** and settle any **claim** or **suit** at **our** discretion; and
- b. **our** right and duty to defend ends when **we** have used up the applicable limit of insurance in the payment of judgments or settlements under Coverage A. Bodily

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Injury and Property Damage Liability, or Coverage B. Personal Injury and Advertising Injury Liability; or Coverage C. Fire, Explosion or Water Damage Liability or Coverage D. Medical Payments.

2. Exclusions

Insurance under Coverage A. Bodily Injury and Property Damage Liability does not apply to any **suit** or **claim** for **damages**, whether direct or consequential, or any cause of action which is covered under any other coverage part herein or other Coverage Form of this Policy. This insurance also does not apply to the following:

a. Expected or Intended Injury

Bodily injury or **property damage** expected or intended from the standpoint of the **insured**. This exclusion does not apply to **bodily injury** resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

Bodily injury or **property damage** for which the **insured** is obligated to pay **damages** by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for **damages**:

- (1) assumed in a contract or agreement that is an **insured contract** provided that the **bodily injury** or **property damage** occurs subsequent to the execution of the contract or agreement; or
- (2) that the **insured** would have in the absence of the contract or agreement.

c. Liquor Liability

"**Bodily injury**" or "**property damage**" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

d. Workers' Compensation and Similar Laws

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

e. Employer's Liability

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- (1) **Bodily injury** to 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) **Bodily injury** to the spouse, child, parent, brother or sister of that **employee** as a consequence of (1) above.
- (3) The insurance does not apply to bodily injury arising out of any demotion, harassment, discrimination, humiliation, or other employment-related practices, acts, or omissions.

This exclusion applies:

- (i) whether the **insured** may be liable as an employer or in any other capacity; or
- (ii) 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 of others assumed by the **insured** under an **insured contract** provided that the **bodily injury** or **property damage** occurs subsequent to the execution of the **insured contract**.

f. Pollution

- (1) **Bodily injury** or **property damage** arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **pollutants**:
 - (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any **insured**;
 - (b) At or from any premises, site or location which is or was at any time used by or for any **insured** or others for the handling, storage, disposal, processing or treatment of **waste**;
 - (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as **waste** by or for any **insured** or any person or organization for which **you** may be legally responsible; or
 - (d) at or from any premises, site or location on which any **insured** or any contractors or subcontractors working directly or indirectly on any **insured's** behalf are performing operations 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 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**.
- (3) Paragraph (1) of this exclusion does not apply to pesticide or herbicide applicators if the operations meet all standards of any statute, ordinance, regulation or license requirement of any federal, state or local government which apply to those conditions. The maximum amount payable for pesticide or herbicide liability shall not exceed \$250,000.

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- (4) Paragraph (1)(a) of this exclusion does not apply to:
- (a) **bodily injury** if sustained within a building and caused by smoke, fumes, vapor or soot from equipment used to heat that building;
 - (b) **bodily injury** or **property damage** arising out of heat, smoke or fumes from a **hostile fire**; or
 - (c) **property damage** to a building or its contents if caused by sewage resulting from:
 - (i) the reverse flow of such sewage from within any sewage facility that you own, operate or maintain; or
 - (ii) the escape of sewage from any fixed conduit that **you** own, operate or maintain, but only if the escape occurs away from land **you** own or lease.
- (5) Paragraph (1)(d) of this exclusion does not apply to:
- (a) **bodily injury** or **property damage** arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of **mobile equipment** or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the **bodily injury** or **property damage** arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such **insured**, contractor or subcontractor;
 - (b) **bodily injury** or **property damage** sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by **you** or on **your** behalf by a contractor or subcontractor; or
 - (c) **bodily injury** or **property damage** arising out of heat, smoke or fumes from a **hostile fire**.

g. Aircraft, Auto or Watercraft

Bodily injury or **property damage** arising out of the ownership, maintenance, use or entrustment to others of any aircraft, **drone**, **auto** or watercraft owned or operated by or rented or loaned to any **insured**. Use includes operation and **loading** or **unloading**.

This exclusion does not apply to:

- (1) a watercraft while ashore on **your premises**;
- (2) a watercraft not being used to carry persons or property for a charge. Watercraft carrying persons or property for a charge are covered if scheduled to this Policy;
- (3) watercraft under 26 feet in length;
- (4) parking an **auto** on, or on the ways next to, **your premises**, other than an **insured's auto**;

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- (5) liability of others assumed under any **insured contract** for the ownership, maintenance or use of aircraft or watercraft; or
- (6) **bodily injury** or **property damage** arising out of the operation of any of the equipment listed in paragraph f(2). or f(3) of the definition of **mobile equipment**.

h. Mobile Equipment

Bodily injury or **property damage** arising out of:

- (1) the transportation of **mobile equipment** by an **insured's auto**; or
- (2) the use of **mobile equipment** in, or while in practice for or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

i. War

Bodily injury or **property damage** due to war whether or not declared or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. Damage to Property

Property damage to:

- (1) **your premises**;
- (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.
- (7) property which **you** are a bailee for, property which **you** have confiscated or seized, or property which is otherwise in **your** care, custody or control and which **you** do not own, rent, hire, lease, utilize or occupy with the agreement or consent of the owner.

Paragraph (2) of this exclusion does not apply if the premises are **your work** and were never occupied, rented or held for rental by **you**.

Paragraphs (3), (4), (5), (6) and (7) of this exclusion do not apply to liability assumed under a sidetrack agreement.

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

k. Damage to Your Product

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

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l. Damage to Your Work

Property damage to your work arising out of it or any part of it and included in the **products-completed operations hazard**.

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on **your** behalf by a subcontractor.

m. Damage to Property Not Physically Injured and Required Damage to Property

Property damage to:

- (1) property that has not been physically injured, arising out of:
 - (a) a defect, deficiency, inadequacy or dangerous condition in **your product or your work**; or
 - (b) a delay or failure by **you** or anyone acting on **your** behalf to perform a contract or agreement in accordance with its terms.
- (2) property which it is necessary to damage in order to:
 - (a) repair, replace, adjust, or remove **your product or your work** that is known to be defective, deficient, inadequate or dangerous; or
 - (b) correct **your** failure or the failure of anyone acting on **your** behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to **your product or your work** after it has been put to its intended use.

n. Recall of Products, Work or Impaired Property

Damages claimed for any loss, cost or expense incurred by **you** or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) **your product**;
- (2) **your work**; or
- (3) **impaired property**;

if **your product, your work** or the **impaired property** is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

o. Asbestos

Bodily injury or property damage arising out of the actual, alleged or threatened:

- (1) inhalation of, ingestion of, or prolonged physical exposure to asbestos or products or work containing asbestos; or
- (2) use of asbestos in **your work or your product** or the work or product of any person or organization for whom **you** may be legally responsible; or
- (3) exposure to asbestos or products containing asbestos which are at any time removed from a building or a structure, transported, handled, stored, treated,

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disposed of, processed or manufactured by **you** or any person or any organization for whom **you** may be legally responsible.

p. Lead

Bodily injury or **property damage** arising out of:

- (1) the ingestion, inhalation or absorption of lead in any form; or
- (2) the presence of lead at **your premises**.

q. **Bodily injury** or **property damage** arising out of or in any way connected with any of the following by whatever name called:

- (1) eminent domain; or
- (2) land use planning; or
- (3) municipal zoning; or
- (4) condemnation; or
- (5) inverse or reverse condemnation; or
- (6) adverse possession or dedication by adverse use.

r. **Bodily injury** or **property damage** arising out of the failure of any **insured** to adequately supply gas, oil, water, electricity or steam. This exclusion does not apply if the failure to supply results from the sudden and accidental injury to tangible property owned or used by any insured to procure, produce, process, or transmit the gas, oil, water, electricity or steam. Failure to supply gas, oil, water, electricity or steam is totally excluded if caused by a flood or earthquake.

s. **Bodily injury** or **property damage** arising out of the rupture, bursting, overtopping, accidental discharge, or structural failure of any **dam**, levee or dike, that **you** own, operate, use, maintain, license, permit or inspect, or located on any property **you** rent or lease, including a sub-lease.

t. **Bodily injury** or **property damage** arising out of:

- (1) any law enforcement activities, by a municipal government or law enforcement agency including your elected and appointed officials and your **employees** and volunteers, including any subsequent detention or incarceration;
- (2) the operation, maintenance or use of any premises or facility occupied, maintained, or used by any law enforcement agency;
- (3) the employment, retention, supervision, dispatch or training of any person who has engaged, or is alleged to have engaged in any acts or conduct for which coverage is excluded under paragraphs t.(1) or t.(2) above; or
- (4) the failure to protect any person from any acts or conduct for which coverage is excluded under paragraphs t.(1) through (3) above; or
- (5) to any inmate of a county jail, or persons participating in work release or community service programs by virtue of court order or through a diversion program.

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However, this exclusion only applies to **bodily injury** and **property damage** that occurs in the course of any law enforcement activity, including any subsequent detention or incarceration, and this exclusion does not apply to coverage provided under any LAW ENFORCEMENT LIABILITY ENDORSEMENT, if a part of this Policy.

- u. **Bodily injury** or **property damage** arising out of the operation, maintenance, use or operation of airfields, runways, hangars, heliports, helipads, buildings or other properties used in connection with aviation activities or airports or similar property that **you** own, operate, use, maintain, license, permit or inspect, or located on any property **you** rent or lease, including a sub-lease.

This exclusion does not apply to:

- (1) **bodily injury** or **property damage** included in the **products-completed operations hazard**; or
 - (2) **bodily injury** or **property damage** arising out of premises liability in buildings where the general public is admitted.
- v. **Bodily injury** or **property damage** arising out of the maintenance, operation or use of a continuing care facility, nursing home, long term care facility, assisted living community or hospital.
 - w. Personal and Advertising Injury
Bodily injury arising out of **personal injury** or **advertising injury**.
 - x. Punitive Damages, Attorneys' Fees, and Court Costs
Any judgment or **claim**, or any part thereof, for punitive damages, attorneys' fees, or court costs.

- y. Abuse or Molestation

We will not pay any sum or defend any **suit** on behalf of any **insured** or person—

- 1. who has been adjudicated, or has acknowledged, to have taken part in any act of **sexual abuse**; or
- 2. who has been adjudicated, or has acknowledged, to have remained passive upon gaining knowledge of any actual or alleged act of **sexual abuse**.

- z. Special Events & Recreational Activities

With respect to the operations of any carnival, circus, festival, fair or property owned, leased, rented or occupied by **you** and used for recreational purposes, this insurance does not apply to:

- 1. **Bodily injury** or **property damage** arising out of any mechanically operated amusement device;
- 2. **Bodily injury** or **property damage** to any person while attending, practicing for or participating in any sports or athletic contest or exhibition, including but not limited

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to rodeos, tractor pulls, horse shows, automobile shows, running events, trail riding or any other recreational competition;

3. **Bodily injury** or **property damage** arising out of, caused by or contributed to by ownership, non-ownership, maintenance, use or entrustment to others of any all terrain vehicle (ATV). Use includes operation and **loading** or **unloading**; or
4. **Bodily injury** or **property damage** arising out of, caused by or contributed to by the use, design, construction or maintenance of any all terrain vehicle (ATV) trails.

B. PERSONAL INJURY AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

- a. **We** will pay those sums to which this insurance applies, that the **insured** becomes legally obligated to pay as **damages** because of **personal injury** or **advertising injury**. **We** will have the right and duty to defend any **suit** to which this insurance applies, seeking those **damages**; but:
 - (1) **we** may investigate any **occurrence** and settle any **claim** or **suit** at **our** discretion; and
 - (2) **our** right and duty to defend ends when **we** have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A. Bodily Injury and Property Damage Liability; or Coverage B. Personal Injury and Advertising injury Liability; Coverage C. Fire, Explosion or Water Damage Liability; or Coverage D. Medical Payments.
- b. This coverage applies to **personal injury** only if caused by an offense:
 - (1) committed in the **coverage territory** during the Policy Period; and
 - (2) arising out of the conduct of **your** business (excluding advertising, publishing, broadcasting or telecasting done by or for **you**).
- c. This coverage applies to **advertising injury** only if caused by an offense:
 - (1) committed in the **coverage territory** during the Policy Period; and
 - (2) in the course of advertising **your** goods, products or services.

2. Exclusions

This insurance does not apply to any **suit** or **claim** for **damages**, whether direct or consequential, or any cause of action which is covered under any other coverage part herein or other Coverage Form of this Policy. This insurance also does not apply to the following:

- a. **personal injury** or **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**;

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- (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) arising out of a criminal act committed by, at the direction of, or with the consent of any **insured**;
- (5) for which the **insured** has assumed liability in the 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;
- (6) which would not have occurred in whole or in part but for the actual, alleged or threatened discharge, disposal, seepage, migration, release or escape of **pollutants** at any time;
- (7) arising out of a breach of contract, except an implied contract to use another's advertising idea in **your** advertisement;
- (8) arising out of the failure of goods, products or services to conform with any statement of quality or performance made in **your** advertisement;
- (9) arising out of the wrong description of the price of goods, products or services stated in **your** advertisement;
- (10) committed by an **insured** whose business is advertising, broadcasting, publishing or telecasting. However, this exclusion does not apply to paragraph 22. a. b. and c. of **personal injury** under the Definitions Section;
- (11) arising out of the actual, alleged or threatened:
 - (a) inhalation of, ingestion of, or prolonged physical exposure to asbestos or products or work containing asbestos; or
 - (b) use of asbestos in **your work** or **your** product or the work or product of any person or organization for whom **you** may be legally responsible; or
 - (c) exposure to asbestos or products containing asbestos which are at any time removed from a building or a structure, transported, handled, stored, treated, disposed of, processed or manufactured by **you** or any person or any organization for whom **you** may be legally responsible;
- (12) arising out of any activities at any airfield, runway, hangar, airport, airpark, heliport, or similar property that **you** own, operate, use, maintain, license, permit or inspect, or located on any property **you** rent or lease, including a sub-lease.

This exclusion does not apply to **personal injury** or **advertising injury** arising out of premises liability in buildings where the general public is admitted;
- (13) arising out of or in any way connected with any of the following by whatever name called:
 - (a) eminent domain; or
 - (b) land use planning; or
 - (c) municipal zoning; or
 - (d) condemnation; or
 - (e) inverse or reverse condemnation; or
 - (f) adverse possession or dedication by adverse use;

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- (14) arising out of the failure of any **insured** to adequately supply gas, oil, water, electricity or steam. This exclusion does not apply if the failure to supply results from the sudden and accidental injury to tangible property owned or used by any insured to procure, produce, process, or transmit the gas, oil, water, electricity or steam. Failure to supply gas, oil, water, electricity, or steam is totally excluded if caused by a flood or earthquake.
- (15) arising out of the rupture, bursting, overtopping, accidental discharge, or structural failure of any **dam**, levee or dike, that **you** own, operate, use, maintain, license, permit or inspect, or located on any property **you** rent or lease, including a sub-lease;
- (16) arising out of:
 - (a) the ingestion, inhalation or absorption of lead in any form; or
 - (b) the presence of lead **at your premises**;
- (17) arising out of:
 - (a) any law enforcement activities, by a municipal government or law enforcement agency including **your** elected and appointed officials and **your employees** and volunteers, including any subsequent detention or incarceration;
 - (b) the operation, maintenance or use of any premises or facility occupied, maintained, or used by any law enforcement agency;
 - (c) the employment, retention, supervision, dispatch or training of any person who has engaged, or is alleged to have engaged in any acts or conduct for which coverage is excluded under paragraphs (17)(a) or (17)(b) above;
 - (d) the failure to protect any person from any acts or conduct for which coverage is excluded under paragraphs (17)(a) through (17)(c) above; or.
 - (e) to any inmate of a county jail, or persons participating in work release or community service programs by virtue of court order or through a diversion program

However, this exclusion (17) only applies to **personal injury** and **advertising injury** that occurs in the course of any law enforcement activity, including any subsequent detention or incarceration and this exclusion (17) does not apply to coverage provided under any LAW ENFORCEMENT LIABILITY ENDORSEMENT, if a part of this Policy.

- (18) **We** will not pay any sum or defend any **suit** on behalf of any **insured** or person—
 1. who has been adjudicated, or has acknowledged, to have taken part in any act of **sexual abuse**; or
 2. who has been adjudicated, or has acknowledged, to have remained passive upon gaining knowledge of any actual or alleged act of **sexual abuse**.

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(19) Special Events & Recreational Activities

With respect to the operations of any carnival, circus, festival, fair or property owned, leased, rented or occupied by you and used for recreational purposes, this insurance does not apply to:

1. **Bodily injury, personal injury, advertising injury or property damage** arising out of any mechanically operated amusement device; or
2. **Bodily injury, property damage, personal and advertising injury** to any person while attending, practicing for or participating in any sports or athletic contest or exhibition, including but not limited to rodeos, tractor pulls, horse shows, automobile shows, running events, trail riding or any other recreational competition;
3. **Bodily injury or property damage** arising out of, caused by or contributed to by ownership, non-ownership, maintenance, use or entrustment to others of any all terrain vehicle (ATV). Use includes operation and **loading or unloading**; or
4. **Bodily injury or property damage** arising out of, caused by or contributed to by the use, design, construction or maintenance of any all terrain vehicle (ATV) trails.

(20) Punitive Damages, Attorneys' Fees, and Court Costs

Any judgment or claim, or any part thereof, for punitive damages, attorneys' fees, or court costs.

(21) **Personal injury or advertising injury** arising out of the maintenance, operation or use of a continuing care facility, nursing home, long term care facility, assisted living community or hospital.

b. Any loss, cost or expense arising out of any:

- (1) 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**;
- (2) **claim or suit** by or on behalf of a governmental authority for **damages** because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing or in any way responding to or assessing the effects of **pollutants**; or
- (3) Any **claim** or judgment, or any part thereof, for punitive damages.

C. FIRE, EXPLOSION OR WATER DAMAGE LIABILITY

1. Insuring Agreement

We will pay those sums to which this insurance applies, that the **insured** becomes legally obligated to pay as **damages** because of **property damage** which occurs during the Policy Period caused by fire, explosion, lightning or **water damage** to premises, while rented to **you** or temporarily occupied by **you** with permission of the owner to which this insurance applies. The **property damage** must be caused by an **occurrence**. **We** will

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have the right and duty to defend any **suit** to which this insurance applies, seeking those **damages**, but:

- a. **we** may investigate any **occurrence** and settle any **claim** or **suit** at **our** discretion; and
- b. **our** right and duty to defend ends when **we** have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A. Bodily Injury and Property Damage Liability; or Coverage B. Personal Injury and Advertising Injury Liability; or Coverage C. Fire, Explosion or Water Damage Liability; or Coverage D. Medical Payments Liability.

2. Exclusions

Insurance under Coverage C. Fire, Explosion or Water Damage Liability does not apply to any **suit** or **claim** for **damages**, whether direct or consequential, or any cause of action which is covered under any coverage part herein or other Coverage Form of this Policy. This insurance also does not apply to the following:

a. Expected or Intended Injury

Fire, explosion or **water damage** expected or intended from the standpoint of the **insured**.

b. Contractual Liability

Fire, explosion or **water damage** for which the **insured** is obligated to pay **damages** by reason of the assumption of liability in a contract or agreement other than liability:

- (1) assumed in a contract or agreement that is an **insured contract**; or
- (2) that the **insured** would have in the absence of the contract or agreement.

c. Explosion damage

Property damage caused by an explosion resulting from any of the following:

- (1) Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires.

But if the explosion, as described above, results in fire or **water damage** (if these causes of loss would be covered under this coverage form), **we** will pay for the **property damage** caused by that fire or **water damage**.

- (2) Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by **you**, or operated under **your** control.

But if the explosion, as described above, results in fire (if this cause of loss would be covered under this coverage form), **we** will pay for the **property damage** caused by that fire.

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- (3) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if explosion, as described above, results in fire or **water damage** (if these causes of loss would be covered under this coverage form), **we** will pay for the **property damage** caused by that fire or **water damage**.

d. Punitive Damages, Attorneys' Fees, and Court Costs

Any judgment or claim, or any part thereof, for punitive damages, attorneys' fees, or court costs.

D. MEDICAL PAYMENTS

1. Insuring Agreement

We will pay medical expenses as described below for **bodily injury** caused by an accident:

- a. on **your premises**; or
- b. because of **your operations**; provided that:
- (1) the accident takes place in the **coverage territory** and during the Policy Period;
 - (2) the expenses are incurred and reported to **us** within one year of the date of the accident; and
 - (3) the injured person submits to examination, at **our** expense, by physicians of **our** choice as often as **we** reasonably require.

We will make these payments regardless of fault. These payments will not exceed the applicable Limit of Insurance. **We** will pay reasonable expenses for;

- (a) first aid administered at the time of the accident;
- (b) necessary medical, surgical, x-ray, ophthalmologic, optometry and dental services, including prosthetic devices; and
- (c) necessary ambulance, hospital, professional nursing, optometry, ophthalmologic (including replacement of prescription eyeglasses) and funeral services.

2. Exclusions

This insurance does not apply to any **suit** or **claim** for **damages**, whether direct or consequential, or any cause of action which is covered under any other coverage part herein or other Coverage Form of this Policy. **We** will also not pay expenses for **bodily injury**:

- a. to any **insured**;
- 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 **your premises** that the person normally occupies;

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- 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 workers' compensation, disability benefits law, or a similar law;
- e. to a person injured while taking part in, supervising or instructing any physical sport including:
 - (1) physical training or practicing,
 - (2) athletic activities or contest, and
 - (3) recreational activities,whether such activities are organized or not, formal or informal;
- f. included within the **products-completed operations hazard**;
- g. excluded under Coverage A. Bodily Injury and Property Damage Liability;
- h. due to **war**, whether or not declared, or any act or condition incident to **war**. **War** includes civil **war**, insurrection, rebellion or revolution; or
- i. to any inmate of a county jail, or persons participating in work release or community service programs by virtue of court order or through a diversion program.

SUPPLEMENTARY PAYMENTS – COVERAGES A & B

We will pay, with respect to any **claim** or **suit we** defend:

1. Up to \$2,500 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the **bodily injury** liability coverage applies. **We** do not have to furnish these bonds.
2. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. **We** do not have to furnish these bonds.
3. All reasonable expenses incurred by the **insured** at **our** request, including actual loss of earnings up to \$500 a day because of time off from work.
4. Prejudgment interest awarded against the **insured** on the part of the judgment **we** pay. If **we** make an offer to pay the applicable limit of insurance, **we** will not pay any prejudgment interest based on that period of time after the offer.
5. All interest on the full amount of any judgment that accrues after entry of the judgment and before **we** have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable Limit of Insurance.

These payments will not reduce the Limit of Insurance.

SECTION II -WHO IS AN INSURED

1. Each of the following is an **insured**:
 - a. **you**, the Public Entity named in the Declarations, are an **insured**;

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- b. **your** past, present or future lawfully elected, appointed or employed officials; but only with respect to their duties as **your** officials.
2. Each of the following is also an **insured**:
- a. **your employees**, other than **your** officials, but only for acts within the scope of their employment by **you** or while performing duties related to the conduct of **your** business;
 - b. **your** volunteer worker(s), but only while acting at the direction of, and within the scope of their duties for **you**. This does not include any person working on retainer, as an independent contractor, or as a confidential informant, whether or not registered with a law enforcement agency and whether or not receiving compensation;
 - c. **your** nurses, paramedics and emergency medical technicians, but only while acting at the direction of, and within the scope of their duties for **you**;
 - d. any person (other than **your employees** or **your** volunteers) or any organization while acting as **your** real estate manager;
 - e. if **you** are a tenant and **your** lease agreement includes a provision requiring **you** to provide coverage for the liability of **your** landlord, **your** landlord, but only with respect to liability arising out of the ownership, maintenance, or use of that part of the premises leased to **you**;
 - f. any person or organization that rents a premises to **you**, but only with respect to liability arising out of ownership, maintenance, or use of that part of the premises leased to **you**.

However,

- (1) no past, present or future lawfully elected, appointed or employed official, **employee**, volunteer worker, nurse, paramedic or emergency medical technician is an **insured** for:
 - a. **bodily injury** or **personal injury**:
 - (i) to **you**, or
 - (ii) to:
 - (a) **your** past, present or future lawfully elected, appointed or employed official;
 - (b) **your employees**; or
 - (c) **your** volunteers including a nurse, paramedic or emergency medical technician while in the course of his or her employment or while performing duties related to the conduct of **your** business; or
 - (d) the spouse, child, parent, brother or sister of that **employee** or volunteer as a consequence of such **bodily injury** or **personal injury**; or
 - (e) any obligation to share **damages** with or repay someone else who must pay **damages** because of the **bodily injury** or **personal injury**.
 - b. **property damage** to property owned, occupied or used by, 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** past, present or future lawfully elected, appointed or employed officials, any of **your employees**, or any of **your** volunteers; or

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- (2) no past, present or future lawfully elected, appointed or employed official, **employee**, volunteer, worker, nurse, paramedic or emergency medical technician is an **insured** for **bodily injury** or **personal injury** arising out of his or her providing or failing to provide:
- a. professional health care services as a physician, physician's assistant, osteopath, podiatrist or midwife for which a license or authorization to practice medicine, osteopathy, podiatry or midwifery is required under the laws of Kentucky or any other state.
 - b. professional dentistry as a dentist or dental hygienist for which a license or authorization to practice dentistry or dental hygienic services is required under the laws of Kentucky or any other state.
 - c. professional pharmacy services as a pharmacist for which a license or authorization for the practice of pharmacy is required under the laws of Kentucky or any other state.
 - d. professional psychiatry services for which a license or authorization for the practice of psychiatry is required under the laws of Kentucky or any other state.
 - e. professional ophthalmologic and optometry services as an ophthalmologist and optometrist for which a license or authorization to practice ophthalmology and optometry is required under the laws of Kentucky or any other state.
 - f. professional engineering or land surveying services for which a license or authorization to practice engineering or land surveying is required under the laws of Kentucky or of any other state.
 - g. professional geology services, for which a license or authorization to practice geology is required under the laws of Kentucky or of any other state.
 - h. professional architect services for which a license or authorization to practice as an architect is required under the laws of Kentucky or of any other state.
 - i. professional chiropractic services for which a license or authorization to practice chiropractic is required under the laws of Kentucky or of any other state.
 - j. professional public accounting services for which a license or authorization to practice as a public accountant is required under the laws of Kentucky or of any other state.
 - k. professional ophthalmologic dispensing services for which a license or authorization to practice ophthalmologic dispensing services is required under the laws of Kentucky or of any other state.
 - l. professional legal services for which a license or authorization to practice law is required under the laws of Kentucky or of any other state.
 - m. nurse practitioners in their act of prescribing narcotic medications.
- (3) With respect to **mobile equipment** registered in **your** name under any motor vehicle registration law, any person is an **insured** while operating such **mobile equipment** along a public highway with **your** permission. Any other person or organization responsible for the conduct of such person is also an **insured**, but only with respect to liability arising out of the operation of the **mobile equipment**, and only if no other insurance is available to that person or organization for this liability. However, no person or organization is an **insured** with respect to:
- a. **property damage** to property owned by, rented to, in the charge of or occupied by **you** or the employer of any person who is an **insured** under this provision.
 - b. **bodily injury** to a co-**employee** of the person driving the equipment.

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- (4) The estates, heirs, legal representatives or assignees of deceased persons in 1.b. and 2. above who were **insureds** at the time of the **occurrence** upon which a **claim** is based will qualify as an **insured** provided the **claim** is made within one year of that person's death but only to the extent coverage applies to such deceased persons.
- (5) A mutual assistance pact, a joint powers agreement or a similar arrangement operated by **you**, under **your** control or under **your** jurisdiction will qualify as an **insured**, but only with respect to the conduct of **your** business and only to the extent of **your** participation or interest.
- (6) Any board (or member of the Board), commission (or member of the commission), governmental agency or subdivision, department, municipal body, not-for-profit corporation (member or director of the not for profit corporation) or other unit operated by **you** under **your** control or under **your** jurisdiction will qualify as an **insured** to the extent there is no other insurance providing coverage available to that organization and if such organization is identified in a Specified Boards, Commissions or Units Endorsement to this Policy.

SECTION III - LIMIT OF INSURANCE

1. The Limit of Insurance shown in the Declarations and the rules below determine the most **we** will pay regardless of the number of:
 - a. **insureds**;
 - b. **claims** made or **suits** brought; or
 - c. persons or organizations making **claims** or bringing **suits**.
2. The General Liability Each Occurrence Limit is the most **we** will pay on any one **occurrence** for the sum of all:
 - a. **damages** under Coverage A. Bodily Injury and Property Damage Liability except **damages** because of **bodily injury** and **property damage** included in the **products-completed operations hazard**;
 - b. **damages** under Coverage B. Personal Injury and Advertising Injury Liability;
 - c. **damages** under Coverage C. Fire, Explosion or Water Damage Liability; and
 - d. medical expenses under Coverage D. Medical Payments.
3. The General Liability Aggregate Limit is the most **we** will pay for the sum of:
 - a. **damages** under Coverage A. Bodily Injury and Property Damage Liability except **damages** because of **bodily injury** and **property damage** included in the **products-completed operations hazard** and subject to subpart 4 below;
 - b. **damages** under Coverage B. Personal Injury and Advertising Injury Liability;
 - c. **damages** under Coverage C. Fire, Explosion or Water Damage Liability; and
 - d. medical expenses under Coverage D. Medical Payments.

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4. The most **we** will pay under Coverage D. for all medical expenses because of **bodily injury** sustained by any one person arising out of any one **occurrence** is \$5,000 per person, subject to 2. and 3. above.

SECTION IV - GENERAL LIABILITY CONDITIONS

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

1. Bankruptcy

If **you** or **your** estate becomes bankrupt or insolvent, **we** will still be bound by the provisions of this Coverage Form.

2. Duties In the Event Of An Occurrence, Offense, Claim or Suit

- a. The **insured** must notify **us** or one of **our** authorized agents promptly of an **occurrence** or offense which may result in a **claim** except as follows:
If **you** have announced to all of **your employees** that all **occurrences** or offenses must be reported and have established a reasonable procedure for doing so, knowledge of **employees** shall not be considered to be knowledge of the **insured** until **you**, an **executive officer**, partner or other persons employed by **you** in a supervisory capacity shall have received actual notice of such **occurrence** or offense.
Notice of an **occurrence** or offense is not notice of a **claim**.
- b. The **insured** must give **us** details of the **occurrence** or offense. Details include how, when and where the **occurrence** or offense took place.
- c. The **insured** must help **us** to get the names and addresses of injured persons and witnesses.
- d. 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** in writing immediately.
- e. Any **insured** involved in a **claim** or **suit** must:
 - (1) immediately send **us** copies of any 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) upon **our** request, assist **us** in obtaining reimbursement in a reasonable manner from any person or organization which may be liable to any **insured** because of injury or damage to which this insurance may also apply.
- f. No **insureds** will, except at their own cost, make a payment, settle, assume any obligation, or incur any expense, other than for first aid without **our** consent.

3. Legal Action Against Us

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You may not bring any **suit** or legal action against **us** to recover a **claim** unless the terms of this Policy have been complied with. Nor can **suit** be brought against **us** until the amount of a **claim** against **you** has been determined or agreed upon. Venue for any **suit** or legal action brought by **you** against **us** or by **us** against **you** concerning **our** duties and obligations to **you** hereunder or otherwise by operation of law shall only be commenced in the courts of the Commonwealth of Kentucky sitting in Franklin County, Kentucky. Any **suit** or legal action brought by **you** against **us** must be commenced within twelve (12) months of the date that the amount of the **claim** against you has been determined or agreed upon.

Nothing in this Policy gives any person or organization the right to join **us** as a party to a **suit** brought against **you**.

4. Other Insurance

- a. Coverage provided under this Coverage Form is primary except as stated in b. and c. below. When this Coverage Form is primary, **our** obligations are not affected unless **you** have other insurance that is also primary. Then, **we** will share with all that other insurance by the method described in d. below
- b. To the extent coverage is provided by this Coverage Form for the following types of loss, coverage does not apply until the limits of all other insurance (including any deductibles) have been exhausted:
 - (1) losses resulting from the maintenance or use of aircraft, **autos** or watercraft to the extent not subject to exclusion g. of Coverage A;
 - (2) losses resulting from **your** liability for fire, explosion or **water damage**; or
 - (3) losses that are direct physical damage to **your work**.
- c. This insurance is excess over the other insurance, whether primary, excess, contingent or on any other basis that covers:
 - (1) with respect to **mobile equipment** registered in **your** name under any motor vehicle registration law and subject to paragraph (3), of Section II-Who Is An Insured, any other person or organization responsible for the conduct of any person who is an **insured** operating such **mobile equipment** with **your** permission along a public highway.
 - (2) any board (or officer or member of the Board), commission (or officer or member of the Commission) governmental agency or subdivision, department, municipal body, not for profit corporation (or member, director or officer of the not for profit corporation) or other unit operated by **you**, under **your** control, or under **your** jurisdiction.

d. Method of Sharing

If all of the other insurance permits contribution by equal shares, **we** will follow this method also. Under this approach, each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, **we** will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable Limit of Insurance of all insurers.

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- e. When this insurance is excess, **we** will have no duty to defend any **claim** or **suit** that any other insurer defends. If no other insurer defends, **we** will undertake to do so, but **we** will be entitled to exercise the **insured's** rights against all those other insurers.

5. Premium Audit

Except as otherwise provided to the contrary in **our** Program Agreement with **you**, and unless specified elsewhere in this Coverage Form, the premium for this Coverage Form is a flat annual premium.

6. Arbitration

If a **claim** against any **insured** goes to arbitration, **we** shall be entitled to exercise the **insured's** rights in the choice of arbitrators.

7. Separation Of Insureds

Except with respect to the Limit of Insurance, or any rights or duties specifically assigned in this Coverage Form 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 a **claim** is made or **suit** is brought.

8. Transfer Of Rights Of Recovery Against Others To Us

Any person to whom or for whom **we** make payment must transfer to **us** his or her rights of recovery against any other party. This person must do everything needed to secure and preserve these rights. He or she must do nothing after the loss that would jeopardize them.

9. When We Do Not Renew

If **we** decide not to renew this Coverage Part, **we** will mail or deliver to the first Named **Insured** shown in the Declarations written notice of the nonrenewal not less than 75 days before the expiration date.

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

10. Newly Acquired Or Formed Organizations

If **you** acquire or form a new organization:

- a. other than a partnership or joint venture, and
- b. over which **you** maintain ownership or majority interest,
you must report it to **us** promptly.

11. Settlement

We may settle any **claim** or **suit** at **our** discretion.

SECTION V - DEFINITIONS

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1. **Advertising injury** - 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; arising out of advertising activities.
2. **Auto** - a land motor vehicle, trailer or semi trailer designed for travel on public roads, including any attached machinery or equipment. But **auto** does not include **mobile equipment**.
3. **Bodily injury - bodily injury**, sickness or disease sustained by a person, including care, loss of services or death resulting from any of these at any time.
4. **Claim** –
 - a. a **suit**; or
 - b. a written demand or written notice by or for the injured person for **damages** because of alleged injury or stating the intent to hold an **insured** liable for **damages**.
5. **Coverage territory** – the United States of America (including its territories and possessions), Puerto Rico and Canada.
6. **Dam** – any artificial barrier, together with appurtenant works, which does or may impound or divert water, and which either (a) is 25 feet or more in height from the natural bed of the stream or watercourse at the downstream toe of the barrier, or from the lowest elevation of the outside limit of the barrier, if it is not across a stream, channel or watercourse, to the maximum possible water storage elevation; or (b) has an impounding capacity of 50 acre-feet or more.

However, any such barrier which is not in excess of six feet in height, regardless of storage capacity, or which has a storage capacity not in excess of 15 acre-feet, regardless of height, shall not be considered a **dam**. No obstruction in a canal used to raise or lower water therein or divert water therefrom, no levee, including but not limited to a levee on the bed of a natural lake the primary purpose of which levee is to control floodwaters, no railroad fill or structure, tank constructed of steel or concrete or of a combination thereof, no tank elevated above the ground and no barrier which is not across a stream channel, watercourse, or natural drainage area and which has the principal purpose of impounding water for agricultural use shall be considered a **dam**. In addition, no obstruction in the channel of a stream or watercourse which is 15 feet or less in height from the lowest elevation of the obstruction and which has the single purpose of spreading water within the bed of the stream or watercourse upstream from the construction for percolation underground shall be considered a **dam**.

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7. **Damages** – monetary judgments, awards and settlements including back pay and front pay. However **damages** do not include:
- a. civil or criminal fines, sanctions, penalties, forfeiture, an award of attorney's fees, an award of court costs, or a fine, penalty or other award imposed pursuant to the Kentucky Open Records Act or the Kentucky Open Meetings Act;
 - b. injunctive or equitable relief;
 - c. punitive damages; or
 - d. disgorgement of salary, wages or other compensation by any of **your** elected officials.
8. **Defense costs** – reasonable and necessary fees, costs and expenses consented to and incurred by **us** (including without limitation premiums for any appeal bond, attachment bond, or similar bond, but without any obligation to apply for or furnish such bond, attorneys' fees and expenses, expert witness fees and expenses and court costs) resulting solely from the investigation, adjustment, defense and appeal of a **claim** or **suit** against the **insured(s)**.
9. **Drone** means an unmanned aircraft, wheeled vehicle, or watercraft guided by remote control or that can navigate autonomously.
10. **Employee** - includes a **leased worker**. **Employee** does not include a **temporary worker**.
11. **Executive officer** - only a person holding any of the officer positions created by **your** charter, constitution or by-laws.
12. **Hostile fire** - a fire which becomes uncontrollable or breaks out from where it was intended to be.
13. **Impaired property** - 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:
- (1) the repair, replacement, adjustment or removal of **your product** or **your work**;
or
 - (2) **your** fulfilling the terms of the contract or agreement.
14. **Insured** - any person or organization qualifying as such under SECTION II - WHO IS AN INSURED of this Coverage Form.
15. **Insured's auto** - an **auto** owned or operated by or rented or loaned to any **insured**.

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16. **Insured contract** -

- a. a contract for a lease of **your premises**; however, that portion of the contract for a lease of **your 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.

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;
- (3) under which the **insured**, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the **insured's** rendering or failure to render professional services, including those listed in (2)(a) above and supervisory, inspection or engineering services.

17. **Leased worker** - 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**.

18. **Loading or unloading** - 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;

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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**.

19. **Mobile equipment** - 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 **your premises**; however, any land motor vehicle, trailer or semi trailer designed for travel on public roads (including any machinery or apparatus that is attached) owned or leased by **you** shall be deemed an **auto** and not **mobile equipment** if the only reason for considering it **mobile equipment** is that it is maintained for use exclusively on streets or highways owned by **you**;
 - 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 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, geological 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., d. or e. 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**:

- (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 an **auto** 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, vehicles not described in a. through f. above which are designed for travel on public roads but not licensed are not **mobile equipment**.

20. **Narcotic medication** – any scheduled II thru V controlled substance as classified in KRS 218A.060, 218A.070, 218A.080, 218A.090, 218A.100, 218A.110, 218A.120, and 218A.130 under the conditions set forth in KRS 314.042 or any controlled substance listed

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by the Cabinet for Health and Family Services as a scheduled II through V controlled substance.

21. **Occurrence** - an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

22. **Personal injury** - injury other than **bodily injury**, arising out of one or more of the following offenses:
 - a. false arrest, detention or imprisonment; or
 - b. malicious prosecution; or
 - c. wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of:
 - (1) a room,
 - (2) a dwelling, or
 - (3) **your** premises;that a person occupies by or on behalf of its owner, landlord or lessor; or
 - 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.

23. **Pollutants** - any solid, liquid, gaseous or thermal irritant or contaminant, including, but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals and **waste**.

24. **Products-completed operations hazard** -
 - a. all **bodily injury** and **property damage** occurring away from **your premises** and arising out of **your product** or **your work** except:
 - (1) products that are still in **your** physical possession; or
 - (2) work that has not yet been completed or abandoned.
 - b. **your work** will be deemed completed at the earliest of the following times:
 - (1) when all of the work called for in **your** contract has been completed;
 - (2) when all of the work to be done at the site has been completed if **your** contract calls for work at more than one site;
 - (3) when that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project; or
 - (4) work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete will be treated as completed.
 - c. this hazard does not include **bodily injury** or **property damage** arising out of:
 - (1) the transportation of property, unless the injury or damage arises out of a condition in or on a vehicle created by the **loading or unloading** of it;
 - (2) the existence of tools, uninstalled equipment or abandoned or unused materials;
or

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- (3) products or operations for which the classification, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Liability Limit.

25. **Property damage -**

- a. physical injury to tangible property, except the **insured's** own 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, except the **insured's** own 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.

26. **Sexual abuse** means sexual molestation, including but not limited to sexual exploitation, deliberate physical contact, mental abuse and illicit conduct not involving physical contact.

Multiple acts of **sexual abuse** by the same person or persons, including any breach of duty with respect to employment, investigation, supervision, reporting or failing to report, or retention relating to any person or persons associated with an act or acts of **sexual abuse**, will be deemed to be one **occurrence**. The date of the **occurrence** will be deemed to be the date of the first act of **sexual abuse**.

27. **Suit** - a civil legal proceeding in which **damages** 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 such **damages** are **claimed** and to which **you** submit with **our** consent.
28. **Temporary worker** - a person who is furnished to **you** to substitute for a permanent **employee** on leave or to meet seasonal or short-term workload conditions.
29. **Tort liability** - liability that would be imposed by law in the absence of any contract or agreement.
30. **Waste** - all waste including materials to be recycled, reconditioned or reclaimed.
31. **Water damage** - 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, other than an automatic sprinkler system. **Water damage** does not include the cost of repairing or replacing the system or appliance from which the water or steam escapes.

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32. **Your operations** - **your** customary business activities and operations occurring at **your premises**.
33. **Your premises** - a premises **you** own, occupy, or rent or a premises **you** utilize with the written consent of the owner or tenant thereof.
34. **Your product** -
- 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:

- i. warranties or representations made at any time with respect to fitness, quality, durability, performance or use of **your product**; and
- ii. the providing 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.

35. **Your work** -
- 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:
- i. warranties or representations made at any time with respect to fitness, quality, durability, performance or use of **your work**; and
 - ii. the providing of or failure to provide warnings or instructions.

ENDORSEMENT TO GENERAL LIABILITY COVERAGE FORM

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following coverage document(s):

GENERAL LIABILITY COVERAGE FORM

The following language is added as Subsection g. of paragraph 2. of **SECTION II -WHO IS AN INSURED:**

- g. Notwithstanding anything contained in Paragraphs a. through f. above, no EMT, paramedic or ambulance services professional shall be covered hereunder if working for, on behalf of or under the supervision or direction of a person or entity other than **you** which is insured by **us** or any other carrier or entity authorized to provide liability insurance coverage regardless of whether such EMT, paramedic or ambulance services professional shall also be **your** employee.

**ENDORSEMENT TO GENERAL LIABILITY COVERAGE FORM
OF POLICY**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following provision of :

GENERAL LIABILITY COVERAGE FORM

Under Section III – Limit of Insurance, and notwithstanding any other provision to the contrary, the most **we** will pay to, regarding or in any way involving an insured which operates as a community action agency or provides community action agency type of services, as to any **claim** and/or **damage** included in the **products-completed operations hazard** is the sum of \$1,000,000.00.

VIOLENT EVENT RESPONSE COVERAGE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT
CAREFULLY.

This endorsement modifies insurance provided under the following coverage form:

GENERAL LIABILITY COVERAGE FORM

SCHEDULE

Each Violent Event Limit – Crisis Expenses	\$750,000
Aggregate Limit – Crisis Expenses	\$750,000
Aggregate Limit – Crisis Property Improvements	\$25,000

A. COVERAGE

The following Violent Event Response Coverage is added to the General Liability Coverage Form, Section I – Coverages:

E. VIOLENT EVENT RESPONSE

1. Insuring Agreement

a. Crisis Expenses

We will reimburse you for crisis expenses that result from a **violent event** to which this insurance applies.

b. Limits

The most **we** will pay under the General Liability Coverage Form for coverage provided by this Endorsement is set forth in the Schedule shown above. Unless specifically addressed in this Endorsement, no other obligation or liability to pay sums or perform acts or services is covered.

This sublimit does not increase the applicable Each Occurrence Limit and Aggregate Limit under the General Liability Coverage Form and will erode those limits.

2. Covered Violent Events

This insurance applies to a **violent event** only if the **violent event**:

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- a. Commences during the Policy Period; and
- b. Takes place in the **coverage territory**.

3. Specific Conditions

We will reimburse **crisis expenses** only if:

- a. **You** notify the police if a law may have been broken in connection with a **violent event**.
- b. **You** notify **us** within 30 days of **your** having knowledge of the **violent event**;

Written notice should be as complete as possible, and must at least include information concerning how, when and where the **violent event** took place and a description of the **bodily injury** and any damage arising out of the **violent event**.

- c. The **crisis expenses** are incurred and reported to **us** within one year of the date of the **violent event**;
- d. **You** provide **us** with proof of payment and adequate documentation to verify the incurred expenses as **crisis expenses**; and
- e. **You** must not in any way jeopardize **our** rights after a **violent event**.
- f. **You** must:
 - i. Cooperate with **us** in the investigation the **violent event**;
 - ii. Assist **us**, upon **our** request, in the enforcement of any right against any person or organization which may be liable to **you** for payment of **crisis expenses** to which this insurance may apply; and
 - iii. Provide a complete and detailed loss summary of the **crisis expenses** incurred and, if we so request, any additional information that **we** request within 30 days of **our** request.

4. Reimbursement

- a. **We** have no obligation to reimburse **you** for any amount of **crisis expenses** that are within or equal to **your** deductible.

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- b. If **your crisis expenses** exceed **your** deductible, **you** will be entitled to reimbursement by **us** under this Endorsement if **you** have complied with all of the conditions of this Policy. **You** must apply for reimbursement as soon as practicable after **your crisis expenses**.
- c. **You** must make every reasonable effort to reduce the amount of **crisis expenses**.
- d. **You** may incur **crisis expenses** without **our** consent, but the amount **we** reimburse will be subject to the terms of this Policy, and **we** will not reimburse **you** until **you** have complied with all the terms and conditions of this Policy.

5. Exclusions

We will not pay for **your crisis expenses** or any other loss, cost or expense arising directly or indirectly out of the following:

- a. War
 - i. War, including undeclared or civil war;
 - ii. 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;
 - iii. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these; or
 - iv. 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.
- b. Workers' Compensation And Similar Laws

Any workers' compensation, unemployment insurance, social security or disability benefits law or any similar law.
- c. Employment-related Expense

Your employees' or officials' salaries, wages or any other employment-related expenses.
- d. Employee Benefit Plan Or Employee Assistance Plan

Any loss which is covered by an Employee Benefit Plan or Employee Assistance Plan.

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- e. Pollution
 - i. Any request, demand, order or statutory or regulatory requirement that an **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
 - ii. Any demand or **suit** by or on behalf of a governmental authority or others 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**.
- f. Improvement Of Real Or Personal Property

Consultant's services for physical improvements or alterations to **your premises**, or the costs of such improvements or alterations or replacement of real or personal property except to the extent that they are covered as **crisis property improvements**.
- g. Two Or More Coverages Issued By Us

Any loss, cost or expense that is covered elsewhere in this Policy or by any other policy issued by **us**.

B. DEFINITIONS

For the purposes of coverage afforded under this Endorsement:

1. **Bodily injury** means bodily injury, sickness, shock, fright, mental injury or anguish, emotional distress or disability sustained by a **victim**, including death resulting from any of these at any time.
2. **Crisis Expenses** means:
 - a. Crisis management service expenses **you** reasonably incur for services obtained in response to a **violent event**.
 - b. Reasonable expenses for temporary extra security protection, wages for temporary personnel or rental fees for temporary facilities in response to a **violent event**.
 - c. **Crisis Property Improvements**.
 - d. Reasonable expenses for first aid administered and emergency medical services rendered by any duly certified emergency medical technician, paramedic or nurse at the time of a **violent event**.

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3. **Crisis Property Improvements** mean reasonable expenses for equipment or property improvements made to **your premises** following a **violent event** that relate directly to the security of your **premises** and that may assist in prevention or mitigation of future **violent events**. **Crisis Property Improvements** do not include equipment or property improvements covered by other insurance or that were required by a statutory or regulatory requirement that was in effect before the **violent event** and with which **you** failed to comply even though **you** were required to do so.

4. **Premises** means any building, facility or other real property including adjoining ways, which **you** own, rent or lease and which is used at the time of the **violent event** as a place to conduct your operations or related activities. **Premises** does not include buildings, facilities, or other real property owned, rented or leased for activities that are under the management and direction of others and for which **you** are not legally liable or locations for events or activities not organized or sponsored by **you**.

5. **Victim** means:
 - a. An employee, including any full-time, part-time and temporary employee of **yours** acting within the course and scope of **your** business at the time the **violent event** takes place; and

 - b. Any person visiting **your premises** for purposes related to **your** operations, including but not limited to guest speakers and volunteers, in whose presence a **violent event** takes place.

Victim does not include any independent contractors or subcontracted personnel. **Victim** also does not include any person who has or is alleged to have made any attempt at, or knowingly participated in, or encouraged any **violent event**.

6. **Violent Event** means an event that is caused by an intentional criminal act or a series of related intentional criminal acts; and involves the use of a physical object, instrument, device, tool or weapon, other than the human body, for the purpose of injuring any person; and results in one or more **victims**, other than the perpetrator, sustaining bodily injury.

In the event of a sequence or series of related violent acts, the **violent event** will be deemed to have taken place at the time the first violent act began. All violent acts, regardless of how many **victims**, by the same perpetrator or two or more perpetrators acting in concert shall be considered one **violent event**.

C. TERRORISM

When a terrorism exclusion is made a part of the Commercial General Liability Coverage Form, any injury or damage excluded by that endorsement is amended to include **crisis expenses**.

D. RELATION TO REST OF POLICY

The provisions of this Endorsement amend the General Liability Coverage Form only to the extent set forth herein. All other terms, conditions, exclusions and limits of liability contained in the General Liability Coverage Form remain in full force and effect. If there is any conflict between this Endorsement and the rest of the Policy, this Endorsement shall govern with respect to the coverage provided herein.

EMPLOYEE BENEFITS LIABILITY COVERAGE FORM

Occurrence Form

This Coverage Form explains Employee Benefits Liability Coverage. Coverage is subject to the COMMON POLICY CONDITIONS and to all of the following provisions in the GENERAL LIABILITY COVERAGE FORM: SUPPLEMENTARY PAYMENTS - COVERAGES A & B, SECTION II - WHO IS AN INSURED, SECTION IV - GENERAL LIABILITY CONDITIONS and SECTION V - DEFINITIONS. Other obligation or liability to pay sums or perform acts or services is not covered unless explicitly provided for under the Insuring Agreement or Supplementary Payments.

This coverage is subject to exclusions that restrict coverage. The amount **we** will pay is limited as described under LIMITS OF INSURANCE. Read the entire Coverage Part carefully to determine rights, duties and what is and is not covered.

A. COVERAGE

1. Insuring Agreement

We will pay those sums that the **insured** becomes legally obligated to pay as damages arising from an **employee benefit incident**. No other obligation or liability to pay sums or perform acts or services is covered unless provided for under SUPPLEMENTARY PAYMENTS of this endorsement. The **employee benefit incident** must take place in the **coverage territory** during the policy period. **We** will have the right and duty to defend any **suit** to which this insurance applies, seeking damages, but:

- a. the amount **we** will pay for damages is limited as described in B. - LIMITS OF INSURANCE;
- b. **we** may at **our** discretion, investigate any report of an act, error or omission and settle any claim or **suit** that may result; and
- c. **our** right and duty to defend ends when **we** have used up the applicable limit of insurance in the payment of **defense costs**, judgments or settlements.

2. Exclusions

This insurance does not apply to:

- a. damages arising out of an **employee benefit incident** that first took place before the beginning of the policy period;
- b. loss arising out of any dishonest, fraudulent, criminal or malicious act or omission, committed by any **insured**;
- c. to **bodily injury, property damage, personal injury or advertising injury**;
- d. loss arising out of failure of performance of contract by any **insured**;
- e. loss arising out of an insufficiency of funds to meet any obligations under any plan included in the **employee benefit program**;
- f. any claim or **suit** based upon:
 - (1) failure of any investment to perform as represented by any **insured**; or

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- (2) advice given to any person to participate or not to participate in any plan included in the **employee benefit program**;
- g. loss arising out of **your** failure to comply with the mandatory provisions of any law concerning workers' compensation, unemployment insurance, social security or disability benefits;
 - h. loss for which the **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
 - i. loss or damage for which benefits have accrued under the terms of an employee benefit plan to the extent that such benefits are available from funds accrued by the **insured** for such benefits or from collectible insurance, notwithstanding the **insured's** act, error or omission in administering the plan which precluded the claimant from receiving such benefits.
 - j. loss resulting from any circumstance(s) where, as of the effective date of this policy, the **insured** had knowledge or could reasonably foresee such circumstance(s) which might result in a claim.
 - k. to loss as a result of actual or alleged discrimination or humiliation.

B. LIMITS OF INSURANCE

- 1. The Limits of Insurance shown in the Declarations and the rules below determine the most **we** will pay regardless of the number of:
 - a. **insureds**;
 - b. claims made or **suits** brought;
 - c. persons or organizations making claims or bringing **suits**.
- 2. The 'Aggregate Limit' is the most we will pay for all damages under this coverage.
- 3. Subject to 2. above, the 'Each Employee Limit' is the most we will pay for all damages to any one **employee** including dependents and beneficiaries.

The Limits of Insurance of this Coverage Part apply separately to each Named Insured, 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 one or more 12 month periods for a period of less than 12 months. In that case the additional period will be deemed as part of the last preceding period for purposes of determining the Limits of Insurance.

C. CONDITIONS

Paragraph 2. Duties In the Event Of An Occurrence, Offense, Claim or Suit SECTION IV—GENERAL LIABILITY CONDITIONS is amended as follows:

Wherever the words **occurrence** or offense appear, they are replaced by the following words: act, error, omission, **occurrence** or offense.

D. DEFINITIONS

The definition of suit is deleted and replaced as follows:

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Suit –

a civil proceeding in which **damages** because of an **employee benefits incident, bodily injury, property damage, personal injury or advertising injury** to which this insurance applies are alleged. **Suit** includes:

1. an arbitration proceeding in which such **damages** are claimed and to which **you** must submit or do submit with **our** consent; or
2. any other alternative dispute resolution proceeding in which such **damages** are claimed and to which **you** submit with **our** consent.

The following definitions are added:

1. **Administration** -
 - a. counseling **employees**, including their dependents and beneficiaries, with respect to the **employee benefit program**;
 - b. handling records in connection with the **employee benefit program**; or
 - c. effecting or terminating any **employee's** participation in a plan included in the **employee benefit program**.
2. **Employee benefit incident** - an act, error or omissions committed in the **administration of your employee benefit program**. Any such acts, errors or omissions together with all related acts, errors or omissions, shall be considered one incident.
3. **Employee benefit program** - the following plans:
 - a. group life insurance, group accident or health insurance, **profit sharing plans**, IRS qualified pension plans and **stock subscription plans**, provided that no one other than an **employee** may subscribe to such insurance or plans;
 - b. unemployment insurance, social security benefits, workers' compensation and disability benefits;
 - c. travel, savings or vacation plans;
 - d. any other similar plan designated in the Declarations or added thereto by endorsement.
4. **Profit sharing plans** - only such plans that are IRS qualified and equally available to all full time **employees**.
5. **Stock subscription plans** - only such plans that are IRS qualified and equally available to all full time **employees**.

**PUBLIC OFFICIALS AND EMPLOYEES
ERRORS AND OMISSIONS LIABILITY COVERAGE FORM
Occurrence Form**

Throughout this Coverage Form the words **you** and **your** refer to the Named **Insured** shown in the Declarations, and any other person or organization qualifying as an **insured** under this Coverage Form. 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 WHO IS AN INSURED (SECTION II).

Other words and phrases that appear in **bold** have special meaning. Refer to DEFINITIONS (SECTION V).

No obligation or liability to pay sums or perform acts or services is covered unless provided for under the Insuring Agreement applicable to this Coverage Form.

These coverages are subject to exclusions that restrict coverage. The amount **we** will pay is limited as described under LIMIT OF INSURANCE. Read the entire Policy carefully to determine rights, duties and what is and is not covered.

This insurance provides **occurrence** coverage.

SECTION I – PUBLIC OFFICIALS AND EMPLOYEES ERRORS AND OMISSIONS COVERAGE

1. Insuring Agreement

- a. **We** will pay those sums that the **insured** becomes legally obligated to pay as **damages** because of a **wrongful act**. **We** will have the right and duty to defend any **claim** or **suit** to which this insurance applies seeking those **damages**, but
 - (1) **we** may investigate any **wrongful act** and settle any **claim** or **suit** at **our** discretion; and
 - (2) **our** right and duty to defend ends when **we** have used up the applicable Limit of Insurance in the payment of judgments or settlements under this coverage.
- b. Subject to a. above, this insurance applies to a **wrongful act** only if:
 - (1) the **wrongful act** is committed in the **coverage territory**; and
 - (2) the **wrongful act** occurs during the Policy Period.
- c. **We** have a duty to defend any **suit** seeking **damages** for claims against all **insureds**, even if any of the allegations of the **suit** are groundless, false or fraudulent. If the **claim** is made by reason of, is attributable to or is in any way related to an **intentional tort**, **we** shall still have the duty to defend such **claim** or **suit**; however, **we** shall not be liable for, nor shall **we** pay, that portion of any judgment on the **claim** against any **insured** that has been found to be the result of an **intentional tort** by any **insured**.

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2. Exclusions

This insurance does not apply to any **suit** or **claim** for **damages**, whether direct or consequential, or any cause of action which is covered under any other Coverage Form of this Policy. This insurance also does not apply to any liability, injury, **damages**, loss, cost or expense:

- a. for **bodily injury, property damage, or personal and advertising injury**.
- b. expected or intended from the standpoint of the **insured**, including any **intentional tort**. The expected or intended **damages**, loss, cost or expense shall be imputed to any other **insured** in determining the applicability of this exclusion 2.b.
- c. in the nature of punitive damages, an award of attorneys' fees or court costs.
- d. arising out of the assumption of 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.
- e. which would not have occurred in whole or in part but for the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **pollutants** at any time.
- f. arising out of any:
 - (1) complaint, request, demand, rule 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
 - (2) **claim** or **suit** by or on behalf of a governmental authority for **damages** because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of **pollutants**.
- g. arising out of the actual, alleged or threatened:
 - (1) inhalation of, ingestion of, or prolonged physical exposure to asbestos or products or work containing asbestos; or
 - (2) use of asbestos in your work or **your product** or the work or product of any person or organization for whom **you** may be legally responsible; or
 - (3) exposure to asbestos or products containing asbestos which are at any time removed from a building or a structure, transported, handled, stored, treated, disposed of, processed or manufactured by **you** or any person or any organization for whom **you** may be legally responsible.
- h. arising out of or in any way related to radiation or radioactive contamination.
- i. arising out of, or in any way related to, planning, construction, maintenance, operation or use of any nuclear reactor, nuclear waste storage facility or disposal site or any other nuclear facility.
- j. based upon or attributable to an **insured** gaining in fact any personal profit or advantage to which the **insured** was not legally entitled.
- k. for the actual return by any **insured** of any remuneration paid in fact to any **insured** to which the **insured** is not legally entitled.

However, this exclusion does not apply if the allegations are in fact false.

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- l. arising from the offering, purchase, sale, exchange, or issuance by any **insured** of securities of any **insured** subject to provisions of the Securities Act of 1933, Securities Exchange Act of 1934, or any other federal law or regulation applicable to the offering, sale, purchase, or exchange of securities, all as amended.
- m. by reason of any dishonest act or omission.
However, this exclusion does not apply if the allegations of such a **claim** or **suit** are in fact false.
- n. for which the **insured** is entitled to indemnity and or payment by reason of having given notice of any circumstance which might give rise to a **claim** under any policy or policies the term of which has expired prior to the inception date of this coverage.
- o. arising out of any **wrongful act** of **your** police department or any other law enforcement agency, correctional facility, detention facility, jail or holding facility of **yours** including their agents, **employees**, and/or confidential informants, whether or not registered with a law enforcement agency and whether or not receiving compensation.
- p. based on or attributable to any **wrongful act** in procuring, effecting and maintaining insurance, reinsurance, suretyship, annuity or endowment, or with respect to amount, form, conditions or provisions of that insurance, reinsurance, suretyship, annuity or endowment.
- q. arising out of:
 - (1) **your** activities in a fiduciary capacity including, but not limited to, **employee benefit programs**, or refund or collection of taxes; or
 - (2) acts, errors or omissions arising out of the administration of **your employee benefit program**.
- r. arising from **claims**, demands or actions seeking relief or redress, in any form other than money **damages**, or for fees or expenses relating to **claims**, demands or actions seeking relief or redress, in any form other than money **damages**.
- s. arising out of or in any way connected with the actions of any administrative board, by whatever name called, acting as a body in its official capacity and arising out of any of the following by whatever name called:
 - (1) eminent domain; or
 - (2) takings; or
 - (3) condemnation; or
 - (4) inverse or reverse condemnation; or
 - (5) adverse possession or dedication by adverse use.
- t. arising out of any **intentional tort** or any **willful violation** of any state or federal constitution, law, statute or ordinance committed by or with the knowledge of, or implicit or tacit approval or consent of, any **insured** (including without limitation, termination in retaliation for exercising rights to free speech and association).
- u. arising out of any activities at or arising from a hospital, clinic, medical center, continuing care facility, long term care facility, assisted living facility, trauma center, nursing home, convalescent home, home for the aged, home for the physically handicapped or orphaned, medical psychopathic institution, sanitarium, dispensary, infirmary, institution for the retarded and/or treatment of alcohol, drug, narcotic and/or mental cases and any other health care facility, that the **insured** uses, maintains, licenses,

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- permits or inspects or located on any property the **insured** licenses, utilizes, occupies, rents or leases, including a sub-lease.
- v. arising out of:
 - (1) strikes, lock outs, riots, civil commotion, war or terrorism;
 - (2) breach of contract;
 - (3) awards of back salary;
 - (4) the giving or failure to give financial, economic or investment advice, or in the rendering or failure to render financial or investment services;
 - (5) unfair competition;
 - (6) the ingestion, inhalation or absorption of lead in any form; or
 - (7) the presence of lead at **your premises**.
 - w. arising out of the following types of boards, commissions or units operating by or under **your** jurisdiction:
 - (1) schools;
 - (2) airports;
 - (3) any medical facility including, but not limited to, long term health care facilities, continuing care facility, assisted living homes, nursing homes and hospitals; or
 - x. arising out of any **employment practices violation**.
 - y. arising out of the letting, contracting, procurement, acquisition, or purchase of contracts, goods, services, equipment, buildings, physical plants, facilities, materials and/or supplies, by any **insured**. For the purposes of determining the applicability of this exclusion, all acts or omissions of an **insured** shall be imputed to any other **insured**.
 - z. to **bodily injury, property damage, 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.
 - aa. with respect to the operations of any carnival, circus, festival, fair or property owned, leased, rented or occupied by you and used for recreational purposes, this insurance does not apply to:
 - 1. **Bodily injury, property damage, personal and advertising injury** arising out of any mechanically operated amusement device; or
 - 2. **Bodily injury, property damage, personal and advertising injury** to any person while attending, practicing for or participating in any sports or athletic contest or exhibition, including but not limited to rodeos, tractor pulls, horse shows, automobile shows, running events, trail riding or any other recreational competition; or

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3. **Bodily injury or property damage** arising out of, caused by or contributed to by, ownership, non-ownership, maintenance, use or entrustment to others of any all terrain vehicle (ATV). Use includes operation and **loading** or **unloading**.

bb. to any claim arising from the consumption or distribution of any alcoholic beverage.

This exclusion applies to all allegations including, but not limited to, negligent hiring, placement, training, supervision, or to any act, error or omission relating to the consumption or distribution of any alcoholic beverage.

cc. to any claim for any violation of state and/or Federal wage and hour law.

SECTION II - WHO IS AN INSURED

1. Each of the following is an **insured**:
 - a. **you**, the Public Entity named in the Declarations, is an **insured**;
 - b. **your** past, present or future lawfully elected, appointed or employed officials; but only with respect to their duties as **your** officials.

2. Each of the following is also an **insured**:
 - a. **your employees**, other than **your** officials, but only for acts within the scope of their employment by **you** or while performing duties related to the conduct of **your** business;
 - b. **your** volunteer worker(s), but only while acting at the direction of, and within the scope of their duties for **you**. This does not include any person working on retainer, as an independent contractor, or as a confidential informant, whether or not registered with a law enforcement agency and whether or not receiving compensation;
 - c. **your** nurses, paramedics and emergency medical technicians, but only while acting at the direction of, and within the scope of their duties for **you**.

However,

- (1) No **employee**, volunteer worker, nurse, paramedic or emergency medical technician is an **insured** for injury or damage:
 - (a) claimed by **you**, or
 - (b) to:
 - (i) **your employee**,
 - (ii) **your** volunteer, including a nurse, paramedic or emergency medical technician while in the course of his or her employment or while performing duties related to the conduct of **your** business; or to the spouse, child, parent, brother or sister of that **employee** or volunteer as a consequence of such injury or **damage** or for any obligation to share **damages** with or repay someone else who must pay **damages** because of the injury or damage; or

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- (2) However, no past, present or future lawfully elected, appointed or employed official, **employee**, volunteer, worker, paramedic or emergency medical technician is an **insured** for: **bodily injury** or **personal and advertising injury** out of his or her providing or failing to provide:
- (a) professional health care services as a physician, physician's assistant, osteopath, podiatrist or midwife, for which a license or authorization to practice medicine, osteopathy, podiatry or midwifery is required under the laws of Kentucky or any other state.
 - (b) professional dentistry as a dentist or dental hygienist for which a license or authorization to practice dentistry or dental hygiene services is required under the laws of Kentucky or any other state.
 - (c) professional pharmacy services as a pharmacist for which a license or authorization for the practice of pharmacy is required under the laws of Kentucky or any other state.
 - (d) professional psychiatry services for which a license or authorization for the practice of psychiatry is required under the laws of Kentucky or any other state.
 - (e) Professional ophthalmologic and optometry services as an ophthalmologist or optometrist for which a license or authorization to practice ophthalmology or optometry is required under the laws of Kentucky or any other state.
 - (f) professional engineering or land surveying services for which a license or authorization to practice engineering or land surveying is required under the laws of Kentucky or any other state.
 - (g) professional geology services for which a license or authorization to practice geology is required under the laws of Kentucky or any other state.
 - (h) professional architect services for which a license or authorization to practice as an architect is required under the laws of Kentucky or any other state.
 - (i) professional chiropractic services for which a license or authorization to practice chiropractic is required under the laws of Kentucky or any other state.
 - (j) professional public accounting services for which a license or authorization to practice as a public accountant is required under the laws of Kentucky or any other state.
 - (k) professional ophthalmologic dispensing services for which a license or authorization to practice ophthalmologic dispensing services is required under the laws of Kentucky or any other state.
 - (l) professional legal services for which a license or authorization to practice legal services is required under the laws of Kentucky or of any other state.
 - (m) nurse practitioners in their act of prescribing narcotic medications.
3. The estates, heirs, legal representatives or assignees of deceased persons in 1.b. and 2. above who were **insureds** at the time of the **occurrence**, upon which a **claim** is based provided the **claim** is made within one year of that person's death but only to the extent coverage applies to such deceased persons.

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4. A mutual assistance pact, a joint powers agreement or a similar arrangement operated by **you**, under **your** control or under **your** jurisdiction will qualify as a Named **Insured**, but only with respect to the conduct of **your** business and only to the extent of **your** participation or interest.
5. Any board (or member of the Board), commission (or member of the Commission), governmental agency or subdivision, department, municipal body, not-for-profit corporation (member or director of the not-for-profit corporation) or other unit operated by **you**, under **your** control or under **your** jurisdiction will qualify as a Named **Insured** to the extent there is no other insurance providing coverage available to that organization and if such organization is identified in a Specified Boards, Commissions or Units Endorsement to this Coverage Form.
6. Any member of a board, commission or unit of a not-for-profit corporation, commission or unit which **you** designated or appointed as a member of such board, commission or unit.

SECTION III - LIMIT OF INSURANCE

1. The Limit of Insurance shown on the Declarations and the rules below determine 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 Each Occurrence Limit shown in the Declarations is the most **we** will pay for the sum of all **damages** because of each **wrongful act**.
3. The Aggregate Limit shown in the Declarations is the most **we** will pay for the sum of all **damages** under this coverage.

SECTION IV - CONDITIONS

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

1. Bankruptcy
If **you** or **your** estate becomes bankrupt or insolvent, **we** will still be bound by the provisions of this Coverage Form.
2. Duties In the Event Of An Occurrence, Offense, Claim or Suit
 - a. The **insured** must notify **us** or one of **our** authorized agents promptly of an **occurrence** or offense which may result in a **claim** except as follows:

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If **you** have announced to all of **your employees** that all **occurrences** or offenses must be reported and have established a reasonable procedure for doing so, knowledge of **employees** shall not be considered to be knowledge of the **insured** until **you**, an **executive officer**, partner or other persons employed by **you** in a supervisory capacity shall have received actual notice of such **occurrence** or offense.

Notice of an **occurrence** or offense is not notice of a **claim**.

- b. The **insured** must give **us** details of the **occurrence** or offense. Details include how, when and where the **occurrence** or offense took place.
- c. The **insured** must help **us** to get the names and addresses of injured persons and witnesses.
- d. 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** in writing immediately.
- a. Any **insured** involved in a **claim** or **suit** must:
 - (1) immediately send **us** copies of any 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) upon **our** request, assist **us** in obtaining reimbursement in a reasonable manner from any person or organization which may be liable to any **insured** because of injury or damage to which this insurance may also apply.
- b. No **insureds** will, except at their own cost, make a payment, settle, assume any obligation, or incur any expense, other than for first aid without **our** consent.

3. Legal Action Against Us

You may not bring any **suit** or legal action against **us** to recover a **claim** unless the terms of this Policy have been complied with. Nor can **suit** be brought against **us** until the amount of a **claim** against **you** has been determined or agreed upon. Venue for any **suit** or legal action brought by **you** against **us** or by **us** against **you** concerning **our** duties and obligations to **you** hereunder or otherwise by operation of law shall only be commenced in the courts of the Commonwealth of Kentucky sitting in Franklin County, Kentucky. Any **suit** or legal action brought by **you** against **us** must be commenced within twelve (12) months of the date that the amount of the **claim** against you has been determined or agreed upon.

Nothing in this Policy gives any person or organization the right to join **us** as a party to a **suit** brought against **you**.

4. Other Insurance

- a. Coverage provided under this Coverage Form is primary except as stated in b. and c. below. When this Coverage Form is primary, **our** obligations are not affected unless **you** have other insurance that is also primary. Then, **we** will share with all that other insurance by the method described in d. below

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- b. To the extent coverage is provided by this Coverage Form for the following types of loss, coverage does not apply until the limits of all other insurance (including any deductibles) have been exhausted:
 - (1) losses resulting from the maintenance or use of aircraft, **autos** or watercraft to the extent not subject to exclusion g. of Coverage A;
 - (2) losses resulting from **your** liability for fire, explosion or **water damage**; or
 - (3) losses that are direct physical damage to **your work**.
- c. This insurance is excess over the other insurance, whether primary, excess, contingent or on any other basis that covers:
 - (1) with respect to **mobile equipment** registered in **your** name under any motor vehicle registration law and subject to paragraph 4, of Section II-Who Is An Insured, any other person or organization responsible for the conduct of any person who is an **insured** operating such **mobile equipment** with **your** permission along a public highway.
 - (2) any board (or officer or member of the Board), commission (or officer or member of the Commission) governmental agency or subdivision, department, municipal body, not for profit corporation (or member, director or officer of the not for profit corporation) or other unit operated by **you**, under **your** control, or under **your** jurisdiction.
- d. Method of Sharing

If all of the other insurance permits contribution by equal shares, **we** will follow this method also. Under this approach, each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, **we** will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable Limit of Insurance of all insurers.
- e. When this insurance is excess, **we** will have no duty to defend any **claim** or **suit** that any other insurer defends. If no other insurer defends, **we** will undertake to do so, but **we** will be entitled to exercise the **insured's** rights against all those other insurers.

5. Premium Audit

Except as otherwise provided to the contrary in **our** Program Agreement with **you**, and unless specified elsewhere in this Coverage Form, the premium for this Coverage Form is a flat annual premium.

6. Arbitration

If a **claim** against any **insured** goes to arbitration, **we** shall be entitled to exercise the **insured's** rights in the choice of arbitrators.

7. Separation Of Insureds

Except with respect to the Limit of Insurance, or any rights or duties specifically assigned in this Coverage Form to the first Named **Insured**, this insurance applies:

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- a. as if each Named **Insured** were the only Named **Insured**; and
 - b. separately to each **insured** against whom a **claim** is made or **suit** is brought.
8. Transfer Of Rights Of Recovery Against Others To Us
Any person to whom or for whom **we** make payment must transfer to **us** his or her rights of recovery against any other party. This person must do everything needed to secure and preserve these rights. He or she must do nothing after the loss that would jeopardize them.
9. When We Do Not Renew
If **we** decide not to renew this Coverage Part, **we** will mail or deliver to the first Named **Insured** shown in the Declarations written notice of the nonrenewal not less than 75 days before the expiration date.
If notice is mailed, proof of mailing will be sufficient proof of notice.
10. Newly Acquired Or Formed Organizations
If **you** acquire or form a new organization:
 - a. other than a partnership or joint venture, and
 - b. over which **you** maintain ownership or majority interest,**you** must report it to **us** promptly.
11. Settlement
We may settle any **claim** or **suit** at **our** discretion.

SECTION V - DEFINITIONS

1. **Bodily injury - bodily injury**, sickness or disease sustained by a person, including care, loss of services or death resulting from any of these at any time.
2. **Claim -**
 - a. a **suit**; or
 - b. a written demand or written notice made by or for the injured person for **damages** because of alleged injury or stating the intent to hold an **insured** liable for **damages**.
3. **Coverage territory** - the United States of America (including its territories and possessions), Puerto Rico and Canada.
4. **Damages** – monetary judgments, awards and settlements including back pay and front pay. However, **damages** do not include:

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- a. civil or criminal fines, sanctions, penalties, forfeiture, an award of attorney's fees, an award of court costs, or a fine, penalty or other award imposed pursuant to the Kentucky Open Records Act or the Kentucky Open Meetings Act;
 - b. injunctive or equitable relief;
 - c. punitive damages; or
 - d. disgorgement of salary, wages or other compensation by any of **your** elected officials.
5. **Defense costs** – reasonable and necessary fees, costs and expenses consented to and incurred by **us** (including without limitation premiums for any appeal bond, attachment bond or similar bond, but without any obligation to apply for or furnish such bond, attorneys' fees and expenses, expert witness fees and expenses and court costs) resulting solely from the investigation, adjustment, defense and appeal of a **claim** or **suit** against the **insured(s)**.
6. **Employee** - includes a **leased worker**. **Employee** does not include a **temporary worker**.
7. **Employee benefit program** - the following plans:
- a. group life, accident, health or disability insurance; profit sharing plans; IRS qualified pension plans and stock subscription plans; or
 - b. unemployment insurance, unemployment compensation, social security benefits, workers' compensation, disability benefits and retiree benefits; or
 - c. any other similar plan.
8. **Employment practices violation** - liability of the **insured**, or any obligation to share **damages** with or repay someone else who must pay **damages**, because of injury arising out of any of the following:
- a. wrongful dismissal, discharge or termination (either actual or constructive) of employment;
 - b. harassment, including sexual harassment whether "quid pro quo," hostile work environment or otherwise;
 - c. discrimination, including but not limited to, discrimination based upon age, gender, race, color, national origin, religion, sexual orientation or preference, pregnancy or disability;
 - d. employment related misrepresentation(s) to an **employee** or applicant for employment;
 - e. employment related libel, slander, humiliation, defamation or invasion of privacy;
 - f. wrongful failure to employ or promote;
 - g. wrongful deprivation of career opportunity, wrongful demotion or reassignment, or negligent **employee** evaluation, including the giving of negative or defamatory statements in connection with an **employee** reference;
 - h. wrongful discipline;
 - i. the Civil Rights Act of 1964 and amendments thereto, the Age Discrimination in Employment Act, the Equal Pay Act, the Americans With Disabilities Act and the Family and Medical Leave Act of 1993 or any other similar state or local statutes, rules or regulations; or

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- j. claims for retaliation due to the exercise of any constitutional, statutory, or common law protected rights; or
- k. any federal, state or local statutes, rules or regulations, and any rules or regulations promulgated therefore or amendments thereto, including but not limited to the Employee Retirement Income Security Act of 1974 (ERISA), the Fair Labor Standards Act, the National Labor Relations Act, the Worker Adjustment and Retraining Notification Act, the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Occupational Safety and Health Act (OSHA), Title VII of the Civil Rights Act of 1964 and amendments thereto, the Age Discrimination in Employment Act, the Equal Pay Act, The Americans With Disabilities Act and the Family and Medical Leave Act of 1993;

claimed by **your** current, former or potential **employee** arising out of their status as such.

However, **employment practices violation** does not include any liability for which coverage is provided under any other coverage part or Coverage Form of this Policy, including but not limited to the General Liability Coverage Part, or that would be covered except for the application of a deductible or any type of self-insurance or other mechanism by which the **insured** arranges for funding of legal liabilities, exhaustion of the Limit of Insurance, or the date on which the **claim** is made, or the act, error, omission, injury or damage occurred. **Employment practices violation** also does not include any liability for any termination of employment in retaliation for exercising rights to free speech and association.

All **claims** arising from:

- a. a series of related acts, violations, errors, omissions, neglects or breaches of duty as specified in 8.a. through 8.k. above, or
- b. multiple acts, violations, errors, omissions, neglects or breaches of duty as specified in 8.a. through 8.k. above alleged in the same **claim** by one or more persons;

shall constitute a single **employment practices violation** and shall be deemed to occur at the time of the first act, violation, error, omission, violation, neglect or breach of duty.

- 9. **Executive officer** – only a person holding any of the officer positions created by **your** charter, constitution or by-laws.
- 10. **Insured** - any person or organization qualifying as such under SECTION II - WHO IS AN INSURED of this Coverage Form.
- 11. **Intentional tort** –a tort which was committed with knowledge that committing the act was wrong or expected to produce a **wrongful act** or knowingly failing to correct a **wrongful act** after discovery. **Intentional tort** additionally means any action or inaction by the member or its **employees** in violation of any ordinance, regulation, statute or constitutional provision. **Intentional tort** shall also include any violation of the provisions of Americans With Disabilities Act or related statutes and any action taken by an **insured** or a **insured's employee** in violation of a person's constitutional or civil rights or in a retaliation for a person or persons exercising their constitutional rights to free speech or association.

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12. **Leased worker** - a person leased to **you** by a labor leasing firm under an agreement between **you** and the labor leasing firm, to perform duties related to the conduct of **your** business. **Leased worker** does not include a **temporary worker**.
13. **Occurrence** – an accident, including continuous repeated exposure to substantially the same general harmful conditions or a series of related **wrongful acts**.
- All **claims** arising from:
- a. a series of related acts, errors, omissions, neglects, or breaches of duty; or
 - b. multiple acts, errors, omissions, neglects, or breaches of duty alleged in the same **claim** by one or more persons;
- shall constitute a single **occurrence** and shall be deemed to occur at the time of the first act, error, omission, neglect or breach of duty.
14. **Outside entity** -
- a. a nonprofit organization recognized as tax exempt under 501(c) of the Internal Revenue Code of 1986; and
 - b. any other association, corporation, partnership, joint venture or limited liability company, not identified pursuant to Section II, paragraph 5. of this Coverage Form.
15. **Personal and advertising injury** - injury other than **bodily injury**,
- a. arising out of one or more of the following offenses:
 - (1) false arrest, detention or imprisonment;
 - (2) malicious prosecution;
 - (3) wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of:
 - (a) a room;
 - (b) a dwelling; or
 - (c) a premises;that a person occupies by or on behalf of its owner, landlord or lessor;
 - (4) 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;
 - (5) oral or written publication of material that violates a person's right of privacy;
 - b. with respect to advertising activities, arising out of:
 - (1) misappropriation of advertising ideas; or
 - (2) infringement of copyright, title or slogan.
16. **Pollutants** – any solid, liquid, gaseous or thermal irritant or contaminant, including, but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste.
17. **Property damage** -
- a. physical injury to tangible property, except the **insured's** own property, including all resulting loss of use of that property; or

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- b. loss of use of tangible property, except the **insured's** own property, that is not physically injured.
18. **Suit** - a civil, administrative or arbitration proceeding to which this Coverage Form applies in which a **wrongful act** is alleged. **Suit** includes:
- a. an arbitration proceeding in which such **damages** are claimed and to which **you** must submit or do submit with **our** consent; or
 - b. any other alternative dispute resolution proceeding in which such **damages** are claimed and to which **you** submit with **our** consent; or
 - c. any local, state or federal employment proceeding.
19. **Temporary worker** - a person who is furnished to **you** to substitute for a permanent **employee** on leave or to meet seasonal or short-term workload conditions.
20. **Wrongful act** - any act, error, omission, neglect or breach of duty.
All **claims** arising from:
- a. a series of related acts, errors, omissions, neglects, or breaches of duty; or
 - b. multiple acts, errors, omissions, neglects, or breaches of duty alleged in the same **claim** by one or more persons;
- shall constitute a single **wrongful act** and shall be deemed to occur at the time of the first act, error, omission, neglect or breach of duty.
21. **Your premises** – a premises **you** own, occupy or rent.
22. **Your product** –
- 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:
- a. warranties or representations made at any time with respect to fitness, quality, durability, performance or use of **your product**, and
 - b. the providing 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.

**ENDORSEMENT TO PUBLIC OFFICIALS AND EMPLOYEES
ERRORS AND OMISSIONS COVERAGE FORM**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following coverage document(s):

PUBLIC OFFICIALS AND EMPLOYEES ERRORS AND OMISSIONS COVERAGE FORM

The following language is added as Subsection d. of paragraph 2 of **SECTION II -WHO IS AN INSURED**:

- d. Notwithstanding anything contained in Paragraphs a. through f. above, no EMT, paramedic or ambulance services professional shall be covered hereunder if working for, on behalf of or under the supervision or direction of a person or entity other than **you** which is insured by **us** or any other carrier or entity authorized to provide liability insurance coverage regardless of whether such EMT, paramedic or ambulance services professional shall also be **your** employee.

**EMPLOYMENT PRACTICES LIABILITY COVERAGE FORM
CLAIMS-MADE FORM**

THIS COVERAGE FORM IS WRITTEN ON A CLAIMS MADE BASIS. THIS COVERAGE SECTION COVERS ONLY CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD. PLEASE READ THE FORM CAREFULLY.

Throughout this Coverage Form the words **you** and **your** refer to the Named **Insured** shown in the Declarations, and any other person or organization qualifying as an **insured** under this Coverage Form. 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 WHO IS AN INSURED (SECTION II).

Other words and phrases that appear in **bold** have special meaning. Refer to DEFINITIONS (SECTION V).

No obligation or liability to pay sums or perform acts or services is covered unless provided for under the Insuring Agreement applicable to this Coverage Form.

These coverages are subject to exclusions that restrict coverage. The amount **we** will pay is limited as described under LIMIT OF INSURANCE. **Defense costs** will not reduce the available LIMIT OF INSURANCE. Read the entire Policy carefully to determine rights, duties and what is and is not covered.

SECTION I - COVERAGE

A. Insuring Agreement

1. This insurance applies to an **employment practices violation** only if:
 - a. The **employment practices violation** takes place in the **coverage territory**; and
 - b. The **employment practices violation** did not commence before the Retroactive Date, or after the end of the policy period; and
 - c. The **claim** because of the **employment practices violation** is first made against any insured during the policy period and after the Retroactive Date and is reported to **us** during the policy period.

2. We :
 - (a) will pay those sums that the **insured** becomes legally obligated to pay as **damages** because of an **employment practices violation**;
 - (b) have the right and duty to defend any **suit** seeking those **damages**; and
 - (c) have the right but not the duty to defend any **suit** that does not seek **damages** to which this insurance applies.

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3. In connection with a. above:

- (a) **we** may investigate any **employment practices violation** and settle any **claim** at **our** discretion; and
- (b) **our** right and duty to defend ends when **we** have used up the applicable Limit of Insurance in the payment of judgments or settlements under this coverage.

B. Exclusions

This insurance does not apply to any **suit** or **claim** for **damages**, whether direct or consequential, or any cause of action which is covered under any other Coverage Form of this Policy. This insurance also does not apply to any liability, injury, **damages**, loss, cost or expense:

- a. for **property damage** or **personal and advertising injury**.
- b. expected or intended from the standpoint of the **insured**. The **employment practices violation** of an **insured** shall not be imputed to any other **insured** for the purposes of determining the applicability of this exclusion.
- c. In connection with a. above, arising out of any:
 - (1) 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 affects of **pollutants**; or
 - (2) **claim** 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**.
- d. arising out of the assumption of 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.
- e. arising out of the actual, alleged or threatened:
 - (1) inhalation of, ingestion of, or prolonged physical exposure to asbestos or lead or products or work containing asbestos or lead; or
 - (2) presence of asbestos or lead at a **premises you** own, occupy or rent.
- f. arising out of or in any way related to radiation or radioactive contamination.
- g. arising out of, or in any way related to, planning, construction, maintenance, operation or use of any nuclear reactor, nuclear waste storage facility or disposal site or any other nuclear facility.
- h. arising out of or related to breach of contract whether oral, written or implied.
- i. for the return by any **insured** of any remuneration paid in fact to them if payment of that remuneration is held to be in violation of law. This exclusion i. does not apply to such allegations if proven to be false.
- j. arising from the offering, purchase, sale, exchange, or issuance by any **insured** of securities of any **insured** subject to provisions of the Securities Act of 1933, Securities Exchange Act of 1934, or any other federal or state law or federal or state regulations applicable to the offering, sale, purchase, or exchange of securities, all as amended.
- k. by reason of, arising out of or based upon:

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- (1) any dishonest act or omission committed by the **insured**, with the consent of or at the direction of any **insured**, or with the implicit or tacit consent or approval of any **insured**.
- (2) any willful or intentional violation of any state or federal constitution, law, statute or ordinance committed by the **insured**, with the knowledge or consent of any **insured** (including, without limitation, termination in retaliation for exercising rights to free speech and association).
- (3) the **insured** gaining in fact any personal profit or advantage to which the **insured** was not legally entitled.

This exclusion k. does not apply to such allegations if proven to be false.

- l. for which the **insured** is entitled to indemnity and or payment by reason of having given notice of any circumstance which might give rise to a **claim** under any Policy or Policies the term of which has expired prior to the inception date of this coverage.
- m. arising out of the letting, contracting, procurement, acquisition or purchase of contracts, goods, services, equipment, buildings, facilities, physical plants, materials and/or supplies. The **employment practices violation** of an **insured** shall be imputed to all other **insureds** for the purposes of determining the application of this exclusion m.
- n. alleging, arising out of, based upon or attributable to the facts alleged, or to the same or related **employment practices violation** alleged or contained in, any **claim** which has been reported, or in any circumstances of which notice has been given, under any Policy of which this Policy is a renewal or replacement or which it may succeed in time.
- o. alleging, arising out of, based upon or attributable to any pending or prior (1) litigation; or (2) EEOC (or similar state, local or foreign agency) proceeding or investigation of which an **insured** had notice, as of the commencement of the Policy Period, or alleging or derived from the same or essentially the same facts as alleged in such pending or prior litigation or EEOC (or similar state, local or foreign agency) proceeding or investigation.
- p. with respect to serving in a capacity as a director, officer, trustee or governor of an **outside entity**, for any **employment practices violation** occurring prior to the commencement of the Policy Period if the **insured** knew or could have reasonably foreseen that such **employment practices violation** could lead to a **claim** under this Policy.
- q. alleging, arising out of, based upon or attributable to any actual or alleged act or omission of an **insured** serving in any capacity with an **outside entity**.
- r. for **bodily injury**, sickness, disease or death of any person.
- s. for violation(s) of any of the responsibilities, obligations or duties imposed by the Employment Retirement Income Security Act of 1974, the Fair Labor Standards Act (except the Equal Pay Act), the National Labor Relations Act, the Worker Adjustment and Retraining Notification Act, the Consolidated Omnibus Budget Reconciliation Act, the Occupational Safety and Health Act, any rules and regulations of the foregoing promulgated thereunder, and amendments thereto or any similar provisions of any federal, state or foreign statutory law or common law; provided, however, this exclusion shall not apply to a **claim** for retaliation.
- t. alleging, arising out of, based upon or attributable to any obligation pursuant to any workers' compensation, disability benefits, unemployment compensation, unemployment insurance, retirement benefits, social security benefits or similar law; provided, however, this exclusion shall not apply to a **claim** for retaliation.

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- u. alleging, arising out of, based upon or attributable to any violation of an individual's employment for exercising any state or federal constitutional, statutory, or common law rights to free speech and/or association. The **employment practices violation** of an **insured** shall be imputed to all other **insureds** for the purposes of determining the applicability of this exclusion u.
- v. for punitive damages, for an award of attorney's fees or an award of court costs.
- w. arising out of or in any way connected with the actions of any administrative board, by whatever name called, acting as a body in its official capacity and arising out of any of the following by whatever name called:
 - (1) eminent domain,
 - (2) land use,
 - (3) planning or municipal zoning,
 - (4) condemnation,
 - (5) inverse or reverse condemnation, or
 - (6) adverse possession or dedication by adverse use.
- x. This insurance does not apply to **bodily injury, property damage, personal and advertising injury** arising out of:
 - 1. The actual or threatened abuse or molestation by anyone or 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.
- y. Special Events & Recreational Activities
With respect to the operations of any carnival, circus, festival, fair or property owned, leased, rented or occupied by you and used for recreational purposes, this insurance does not apply to:
 - 1. **Bodily injury, property damage personal injury or advertising injury** arising out of any mechanically operated amusement device; or
 - 2. **Bodily injury, property damage, personal injury or advertising injury** to any person while attending, practicing for or participating in any sports or athletic contest or exhibition, including but not limited to rodeos, tractor pulls, horse shows, automobile shows, running events, ATV trail riding or any other recreational competition.

SECTION II - WHO IS AN INSURED

- 1. Each of the following is an **insured**:
 - a. **you**, the Public Entity named in the Declarations, are an **insured**; and
 - b. **your** past, present or future lawfully elected, appointed or employed officials; but only with respect to their duties as **your** officials.

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2. Each of the following is also an **insured**:
- a. **your employees**, other than **your** officials, but only for acts within the scope of their employment by **you** or while performing duties related to the conduct of **your** business;
 - b. **your** volunteer worker(s) but only while acting at the direction of, and within the scope of their duties for **you**. This does not include any person working on retainer, as an independent contractor, or as a confidential informant, whether or not registered with a law enforcement agency and whether or not receiving compensation.
 - c. **your** nurses, paramedics and emergency medical technicians but only while acting at the direction of, and within the scope of their duties for you.

However,

- (1) No **employee**, volunteer worker, nurse, paramedic or emergency medical technician is an **insured** for injury or damage:
 - (a) claimed by **you**, or
 - (b) to:
 - (i) **your employee**,
 - (ii) **your** volunteer, including a nurse, paramedic or emergency medical technician while in the course of his or her employment or while performing duties related to the conduct of **your** business; or to the spouse, child, parent, brother or sister of that **employee** or volunteer as a consequence of such injury or **damage** or for any obligation to share **damages** with or repay someone else who must pay **damages** because of the injury or damage; or
 - (2) no **employee** or volunteer is an **insured** arising out of his or her providing or failing to provide professional services as an architect, engineer or surveyor, doctor, attorney or accountant. This exclusion shall not apply to **claims** made against **insureds** while acting solely as your **employees** or volunteers and not in their professional capacities as such.
3. The estates, heirs, legal representatives or assignees of deceased persons in 1.b., 2.a., 2.b. and 2.c. above who were **insureds** at the time of the **employment practices violation** upon which a **claim** is based provided the **claim** is made within one year of that person's death but only to the extent coverage applies to such deceased persons.
4. A mutual assistance pact, a joint powers agreement or a similar arrangement operated by **you**, under **your** control or under **your** jurisdiction will qualify as a Named **Insured**, but only with respect to the conduct of **your** business and only to the extent of **your** participation or interest.
5. Any board, commission, governmental agency or subdivision, department, municipal body, not-for-profit corporation or other unit operated by **you** or under **your** jurisdiction will qualify as an additional Named **Insured** if there is no other insurance providing coverage available to that organization and if such organization is identified in a "Specified Board, Commissions or Units Endorsement" to this Coverage Form.

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SECTION III - LIMIT OF INSURANCE

1. The Limit of Insurance shown on the Declarations and the rules below determine 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. **We** will not pay more than \$50,000 per claimant, \$500,000 in the aggregate, for lost wages or back pay **damages** because of **employment practices violation(s)**. The Aggregate Limit shown in the Declarations is the most **we** will pay for the sum of all **damages** under this coverage.
3. Subject to 2. above, the each **Employment Practices Violation** limit shown in the Declarations is the most **we** will pay for the sum of all **damages** because of **employment practices violation(s)**.
4. **Defense costs** are paid or payable by **us** in addition to the Limit of Insurance; **defense costs** are subject to the Limit of Insurance.

The Limit of Insurance of this Coverage Part applies 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 one or more 12 month period for a period of less than 12 months. In that case the additional period will be deemed as part of the last preceding period for purposes of determining the Limit of Insurance.

SECTION IV - CONDITIONS

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

1. Bankruptcy

If **you** or your **estate** becomes bankrupt or insolvent, **we** will still be bound by the provisions of this Coverage Form.
2. Duties in the Event of an Employment Practices Violation
 - a. An **insured** must notify **us** promptly of an **employment practices violation** which may result in a **claim** except as follows:

If **you** have announced to all of **your employees** that any **employment practices violation** must be reported and have established a reasonable procedure for doing so, knowledge of **employees** shall not be considered to be knowledge of the **insured** until **you**, an **executive officer**, elective or appointed officer, a member of any board or commission or agency of **yours**, or other persons employed by **you** in a

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supervisory capacity shall have received actual notice of such **employment practices violation**.

Notice of an **employment practices violation** is not notice of a **claim**.

- b. If a **claim** is received by any **insured**, you must:
 - (1) immediately record the specifics of the **claim** or a **suit** and the date received;
 - (2) notify **us** in writing immediately;
- c. The notification to **us** required in the preceding sections a. and b. must be made during the policy period and after the Retroactive Date.
- d. **You** and any other involved **insured** must:
 - (1) immediately send **us** copies of any demands, notices, summonses or legal papers received in connection with the **claim** or a **suit**;
 - (2) authorize **us** to obtain records and other information;
 - (3) cooperate with **us** in the investigation, settlement or defense of the **claim** or **suit**; and
 - (4) assist **us**, upon our request, in the enforcement of any right against any person or organization, which may be liable to the **insured** because of injury or damage to which this insurance may also apply.
- e. No **insureds** will, except at their own cost, make a payment, settle, assume any obligation, or incur any expense, without **our** consent.

3. Legal Action Against Us

You may not bring any **suit** or legal action against **us** to recover a **claim** unless the terms of this Policy have been complied with. Nor can **suit** be brought against **us** until the amount of a **claim** against **you** has been determined or agreed upon. Venue for any **suit** or legal action brought by **you** against **us** or by **us** against **you** concerning **our** duties and obligations to **you** hereunder or otherwise by operation of law shall only be commenced in the courts of the Commonwealth of Kentucky sitting in Franklin County, Kentucky. Any **suit** or legal action brought by **you** against **us** must be commenced within twelve (12) months of the date that the amount of the **claim** against **you** has been determined or agreed upon. Nothing in this Policy gives any person or organization the right to join **us** as a party to a **suit** brought against **you**.

4. Other Insurance

- a. Coverage provided under this Coverage Form is primary except as stated in paragraph b. below. When this Coverage Form is primary, **our** obligations are not affected unless **you** have other insurance that is also primary. Then, **we** will pay only the amount of **your damages** described in paragraph c. below. As used herein, other insurance includes any type of self-insurance or other mechanism by which the **insured** arranges for funding of legal liabilities.
- b. This insurance is excess over any other insurance, whether primary, excess, contingent or on any other basis;
 - 1. that covers an organization that the Named **Insured** acquires or forms, subject to provision 5, of Who Is An Insured.

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2. that provides coverage for professional services of an architect, engineer, surveyor, attorney, doctor or accountant for work done or services provided on **your** behalf.

When this insurance is excess, **we** will have no duty to defend any **claim** 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 exercise the **insured's** rights against all those other insurers.

When this insurance is excess over other insurance, **we** will pay only **our** share of the amount of loss, if any, that exceeds the sum of:

1. the total amount that all such other insurance would pay for the loss in the absence of this insurance; and
2. the total of all deductible and self-insured amounts under all such other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limit of Insurance shown in the Declarations.

c. Method of Sharing

If all of the other insurance permits contribution by equal shares, **we** will follow this method also. Under this approach, each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, **we** will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable Limit of Insurance of all insurers.

5. Premium Audit

Except as otherwise provided to the contrary in **our** Program Agreement with **you**, and unless specified elsewhere in this Coverage Form, the premium for this Coverage Form is a flat annual premium

6. Arbitration

If a **claim** against any **insured** goes to arbitration, **we** shall be entitled to exercise the **insured's** rights in the choice of arbitrators.

7. Separation of Insureds

Except with respect to the Limit of Insurance, or any rights or duties specifically assigned in this Coverage Form 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 a **claim** is made or **suit** is brought.

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8. Transfer of Rights of Recovery Against Others To Us

Any person to whom or for whom **we** make payment must transfer to **us** his or her rights of recovery against any other party. This person must do everything needed to secure and preserve these rights. He or she must do nothing after the loss that would jeopardize them.

9. Settlement

We may settle any **claim** or **suit** at **our** discretion.

SECTION V - DEFINITIONS

1. **Bodily Injury - bodily injury**, sickness or disease sustained by a person, including care, loss of services or death resulting from any of these at any time.
2. **Claim -**
 - a. a civil, administrative or arbitration proceeding for monetary or non-monetary relief; or
 - b. a written demand or written notice made by or for the injured person for **damages** because of alleged injury or stating the intent to hold an **insured** liable for **damages** (including any request to waive any statute of limitations); or
 - c. an Equal Opportunity Employment Commission (“EEOC”) (or similar statute or local agency) proceeding or investigation of which notice has been given to an **insured**.
3. **Coverage territory** - the United States of America (including its territories and possessions), Puerto Rico and Canada.
4. **Damages** – monetary judgments, awards and settlements including back pay and front pay. However, **damages** do not include:
 - a. civil or criminal fines, sanctions, penalties, forfeiture, an award of attorney’s fees, an award of court costs, or a fine, penalty or other award imposed pursuant to the Kentucky Open Records Act or the Kentucky Open Meetings Act;
 - b. injunctive or equitable relief;
 - c. punitive damages; or
 - d. disgorgement of salary, wages or other compensation by any of **your** elected officials;
5. **Defense costs** – reasonable and necessary fees, costs and expenses consented to and incurred by **us** (including without limitation premiums for any appeal bond, attachment bond, or similar bond, but without any obligation to apply for or furnish such bond, attorneys’ fees and expenses, expert witness fees and expenses and court costs) resulting solely from the investigation, adjustment, defense and appeal of a **claim** or **suit** against the **insured(s)**.

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6. **Employee** - includes a **leased worker** and a **temporary worker**.
7. **Employee benefit program** – the following plans:
 - a. group life, accident, health or disability insurance; profit sharing plans; IRS qualified pension plans and stock subscription plans; or
 - b. unemployment insurance, unemployment compensation, social security benefits, workers' compensation, disability benefits and retiree benefits; or
 - c. any other similar plan.
8. **Employer's liability** – liability for **bodily injury** by accident or **bodily injury** by disease arising out of and in the course of an injured **employee's** employment by **you**.
9. **Employment contract** – any contract, including an implied contract, of employment between **you** and an **employee**.
10. **Employment liability** – any of the following:
 - a. liability, including **statutory liability**, arising out of any act, error or omission claimed by **your employee, your former employee or your potential employee** arising out of their status as such; or the spouse, child, parent, brother or sister of that person at whom any of the acts, errors or omissions are directed.
Such liability is **employment liability**:
 - (1) whether the **insured** may be liable as an employer or in any other capacity; and
 - (2) includes any obligation to share **damages** with or repay someone else who must pay **damages** because of the injury.
 - b. liability arising out of, or attributable to any obligation pursuant to, **your employee benefit program**; or
 - c. **employer's liability**.
11. **Employment practices violation** -
 - a. liability of the **insured** as an employer, or any obligation to share **damages** with or repay someone else who must pay **damages**, because of injury arising out of any of the following:
 - (1) wrongful dismissal, discharge or termination (either actual or constructive) of employment;
 - (2) harassment, including sexual harassment whether "quid pro quo," hostile work environment or otherwise;
 - (3) discrimination, including but not limited to, discrimination based upon age, gender, race, color, national origin, religion, sexual orientation or preference, pregnancy or disability;
 - (4) employment-related misrepresentation(s) to an **employee** or applicant for employment;

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- (5) employment-related libel, slander, humiliation, defamation or invasion of privacy;
- (6) wrongful failure to employ or promote;
- (7) wrongful deprivation of career opportunity, wrongful demotion or reassignment, or negligent **employee** evaluation, including the giving of negative or defamatory statements in connection with an **employee** reference;
- (8) wrongful discipline; or
- (9) Title VII of the Civil Rights Act of 1964 and amendments thereto, the Age Discrimination in Employment Act, the Equal Pay Act, the Americans With Disabilities Act and the Family and Medical Leave Act of 1993 or any other similar state or local statutes, rules or regulations;

claimed by **your** current, former or potential **employee** arising out of their status as such.

However, **employment practices violation** does not include any liability for which coverage is provided under any other coverage of this Policy, including but not limited to the General Liability Coverage Part or that would be covered except for the application of a deductible or any type of self-insurance or other mechanism by which the **insured** arranges for funding of legal liabilities, exhaustion of the Limit of Insurance, or the date on which the **claim** is made, or the act, error, omission, injury or damage occurred. **Employment practices violation** also does not include any liability for any termination of employment in retaliation for exercising rights to free speech and association.

- 12. **Executive officer** – only a person holding any of the officer positions created by **your** charter, constitution or by-laws.
- 13. **Insured** – any person or organization qualifying as such under SECTION II - WHO IS AN INSURED of this Coverage Form.
- 14. **Leased worker** – 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**.
- 15. **Outside entity** -
 - a. a nonprofit organization recognized as tax exempt under 501(c) of the Internal Revenue Code of 1986; and
 - b. any other association, corporation, partnership, joint venture or limited liability company, not identified pursuant to Section II, paragraph 5. of this Coverage Form.
- 16. **Personal and advertising injury** - injury other than **bodily injury**,
 - a. arising out of one or more of the following offenses:
 - (1) false arrest, detention or imprisonment
 - (2) malicious prosecution;
 - (3) 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 owner, landlord or lessor;

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- (4) 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;
 - (5) oral or written publication of material that violates a person's right of privacy; or
 - b. with respect to advertising activities, arising out of:
 - (1) misappropriation of advertising ideas; or
 - (2) infringement of copyright, title or slogan.
17. **Property damage** -
- a. physical injury to tangible property, including all resulting loss of use of that property; or
 - b. loss of use of tangible property that is not physically injured.
18. **Suit** – a civil or administrative proceeding to which this Coverage Form applies in which:
- a. **damages** because of **bodily injury, property damage, or employment practices violation, or**
 - b. **covered pollution costs or expenses**; are alleged.
- Suit** includes:
- (1) an arbitration proceeding in which such **damages or covered pollution costs or expenses** are **claimed** and to which the **insured** must submit or does submit with our consent; or
 - (2) any other alternative dispute resolution proceeding in which such **damages or covered pollution costs or expenses** are **claimed** and to which the **insured** submits with our consent.
19. **Temporary worker** - a person who is furnished to **you** to substitute for a permanent **employee** on leave or to meet seasonal or short-term workload conditions.
20. **Wrongful act** - any act, error, omission, neglect or breach of duty. All **claims** arising from:
- a. a series of related acts, errors, omissions, neglects or breaches of duty; or
 - b. multiple acts, errors, omissions, neglects, or breaches of duty alleged in the same **claim** by one or more persons;
- shall constitute a single **wrongful act** and shall be deemed to occur at the time of the first act, error, omission, neglect or breach of duty.

LAW ENFORCEMENT LIABILITY COVERAGE FORM

This Coverage Form explains **YOUR LAW ENFORCEMENT LIABILITY COVERAGE**. The coverages referenced in this Coverage Form are:

- Coverage A. Bodily Injury and Property Damage Liability
- Coverage B. Personal Injury and Advertising Injury Liability

No obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under the insuring agreement applicable to these coverages.

These coverages are subject to exclusions that restrict coverage. The amount **we** will pay is limited as described under **LIMIT OF INSURANCE**. Read the entire Policy carefully to determine rights, duties and what is and is not covered.

Throughout this Coverage Form the words **you** and **your** refer to the Named **Insured** shown in the Declarations, and any other person or organization qualifying as an **insured** under this Coverage Form. 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 **WHO IS AN INSURED (SECTION II)**.

Other words and phrases that appear in **bold** have special meaning. Refer to **DEFINITIONS (SECTION V)**.

SECTION I - COVERAGES

A. **BODILY INJURY AND PROPERTY DAMAGE LIABILITY**

1. Insuring Agreement

We will pay those sums that the **insured** becomes legally obligated to pay as **damages** for **bodily injury** or **property damage** because of a **law enforcement incident** to which this insurance applies. **We** will have the right and duty to defend any **suit** to which this insurance applies, seeking those **damages**, but:

- a. **we** may investigate any **law enforcement incident** and settle any **claim** or **suit** at **our** discretion; and
- b. **our** right and duty to defend ends when **we** have used up the applicable Limit of Insurance in the payment of judgments or settlements under this coverage.

Subject to the foregoing, this insurance applies to a **law enforcement incident** only if the **law enforcement incident** is committed in the **coverage territory** during the Policy Period.

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2. Exclusions

Insurance under Coverage A. Bodily Injury and Property Damage Liability does not apply to any **suit** or **claim** for **damages**, whether direct or consequential, or any cause of action which is covered under any other coverage part herein or other Coverage Form of this Policy. This insurance also does not apply to the following:

a. Expected or Intended Injury

Bodily injury or property damage expected or intended from the standpoint of the insured. This exclusion does not apply to bodily injury resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

Bodily injury or **property damage** for which the **insured** is obligated to pay **damages** by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for **damages**:

- (1) assumed in a contract or agreement that is an **insured contract** provided that the **bodily injury** or **property damage** occurs subsequent to the execution of the contract or agreement; or
- (2) that the **insured** would have in the absence of the contract or agreement.

c. Liquor Liability

This insurance does not apply to any claim arising from the consumption or distribution of any alcoholic beverage.

This exclusion applies to all allegations including, but not limited to, negligent hiring, placement, training, supervision, or to any act, error or omission relating to the consumption or distribution of any alcoholic beverage.

d. Workers' Compensation and Similar Laws

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

e. Employer's Liability

- (1) **Bodily injury** to 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) **Bodily injury** to the spouse, child, parent, brother or sister of that **employee** as a consequence of (1) above.
- (3) The insurance does not apply to bodily injury arising out of any demotion, harassment, discrimination, humiliation, or other employment-related practices, acts, or omissions.

This exclusion applies:

- (i) whether the **insured** may be liable as an employer or in any other capacity; or

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(ii) 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 of others assumed by the **insured** under an **insured contract** provided that the **bodily injury** or **property damage** occurs subsequent to the execution of the **insured contract**.

f. Pollution

- (1) **Bodily injury** or **property damage** arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **pollutants**:
 - (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any **insured**;
 - (b) At or from any premises, site or location which is or was at any time used by or for any **insured** or others for the handling, storage, disposal, processing or treatment of **waste**;
 - (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as **waste** by or for any **insured** or any person or organization for which **you** may be legally responsible; or
 - (d) at or from any premises, site or location on which any **insured** or any contractors or subcontractors working directly or indirectly on any **insured's** behalf are performing operations 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 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**.
- (3) Paragraph (1) of this exclusion does not apply to pesticide or herbicide applicators if the operations meet all standards of any statute, ordinance, regulation or license requirement of any federal, state or local government which apply to those conditions. The maximum amount payable for pesticide or herbicide liability shall not exceed \$250,000.
- (4) Paragraph (1)(a) of this exclusion does not apply to:
 - (a) **bodily injury** if sustained within a building and caused by smoke, fumes, vapor or soot from equipment used to heat that building;
 - (b) **bodily injury** or **property damage** arising out of heat, smoke or fumes from a **hostile fire**; or
 - (c) **property damage** to a building or its contents if caused by sewage resulting from:
 - (i) the reverse flow of such sewage from within any sewage facility that you own, operate or maintain; or

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- (ii) the escape of sewage from any fixed conduit that **you** own, operate or maintain, but only if the escape occurs away from land **you** own or lease.
- (5) Paragraph (1)(d) of this exclusion does not apply to:
 - (a) **bodily injury or property damage** arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of **mobile equipment** or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the **bodily injury or property damage** arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such **insured**, contractor or subcontractor;
 - (b) **bodily injury or property damage** sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by **you** or on **your** behalf by a contractor or subcontractor; or
 - (c) **bodily injury or property damage** arising out of heat, smoke or fumes from a **hostile fire**.

g. Aircraft, Auto or Watercraft

Bodily injury or property damage arising out of the ownership, maintenance, use or entrustment to others of any aircraft, **drone**, auto or watercraft owned or operated by or rented or loaned to any **insured**. Use includes operation and **loading or unloading**.

This exclusion does not apply to:

- (1) a watercraft while ashore on **your premises**;
- (2) a watercraft not being used to carry persons or property for a charge. Watercraft carrying persons or property for a charge are covered if scheduled to this Policy;
- (3) watercraft under 26 feet in length;
- (4) parking an **auto** on, or on the ways next to, **your premises**, other than an **insured's auto**;
- (5) liability of others assumed under any **insured contract** for the ownership, maintenance or use of aircraft or watercraft; or
- (6) **bodily injury or property damage** arising out of the operation of any of the equipment listed in paragraph f.2. or f.3. of the definition of **mobile equipment**.

h. Mobile Equipment

Bodily injury or property damage arising out of:

- (1) the transportation of **mobile equipment** by an **insured's auto**; or

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- (2) the use of **mobile equipment** in, or while in practice for or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

i. War

Bodily injury or property damage due to war whether or not declared or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. Damage to Property

Property damage to:

- (1) **your premises**;
- (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.
- (7) property which **you** are a bailee for, property which **you** have confiscated or seized, or property which is otherwise in **your** care, custody or control and which **you** do not own, rent, hire, lease, utilize or occupy with the agreement or consent of the owner.

Paragraph (2). of this exclusion does not apply if the premises are **your work** and were never occupied, rented or held for rental by **you**.

Paragraphs (3), (4), (5), (6) and (7) of this exclusion do not apply to liability assumed under a sidetrack agreement.

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

k. Damage to Your Product

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

l. Damage to Your Work

Property damage to **your work** arising out of it or any part of it and included in the **products-completed operations hazard**.

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on **your** behalf by a subcontractor.

m. Damage to Property Not Physically Injured and Required Damage to Property

Property damage to:

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- (1) property that has not been physically injured, arising out of:
 - (a) a defect, deficiency, inadequacy or dangerous condition in **your product or your work**; or
 - (b) a delay or failure by **you** or anyone acting on **your** behalf to perform a contract or agreement in accordance with its terms.
- (2) property which it is necessary to damage in order to:
 - (a) repair, replace, adjust, or remove **your product or your work** that is known to be defective, deficient, inadequate or dangerous; or
 - (b) correct **your** failure or the failure of anyone acting on **your** behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to **your product or your work** after it has been put to its intended use.

n. Recall of Products, Work or Impaired Property

Damages claimed for any loss, cost or expense incurred by **you** or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) **your product**;
- (2) **your work**; or
- (3) **impaired property**;

if **your product, your work** or the **impaired property** is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

o. Asbestos

Bodily injury or property damage arising out of the actual, alleged or threatened:

- (1) inhalation of, ingestion of, or prolonged physical exposure to asbestos or products or work containing asbestos; or
- (2) use of asbestos in **your work or your product** or the work or product of any person or organization for whom **you** may be legally responsible; or
- (3) exposure to asbestos or products containing asbestos which are at any time removed from a building or a structure, transported, handled, stored, treated, disposed of, processed or manufactured by **you** or any person or any organization for whom **you** may be legally responsible.

p. Lead

Bodily injury or property damage arising out of:

- (1) the ingestion, inhalation or absorption of lead in any form; or
- (2) the presence of lead at **your premises**.

q. **Bodily injury or property damage** arising out of or in any way connected with any of the following by whatever name called:

- (1) eminent domain; or

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- (2) land use planning; or
 - (3) municipal zoning; or
 - (4) condemnation; or
 - (5) inverse or reverse condemnation; or
 - (6) adverse possession or dedication by adverse use.
- r. **Bodily injury or property damage** arising out of the failure of any **insured** to adequately supply gas, oil, electricity or steam or to maintain gas, electric, water, sewer or utility service.
- s. **Bodily injury or property damage** arising out of the rupture, bursting, overtopping, accidental discharge, or structural failure of any **dam**, levee or dike, that **you** own, operate, use, maintain, license, permit or inspect, or located on any property **you** rent or lease, including a sub-lease.
- t. **Bodily injury or property damage** arising out of the operation, maintenance, use or operation of airfields, runways, hangars, heliports, helipads, buildings or other properties used in connection with aviation activities or airports or similar property that **you** own, operate, use, maintain, license, permit or inspect, or located on any property **you** rent or lease, including a sub-lease.

This exclusion does not apply to:

- (1) **bodily injury or property damage** included in the **products-completed operations hazard**; or
 - (2) **bodily injury or property damage** arising out of premises liability in buildings where the general public is admitted.
- u. **Bodily injury or property damage** arising out of the maintenance, operation or use of a continuing care facility, nursing home, long term care facility, assisted living community or hospital.
- v. Personal and Advertising Injury
Bodily injury arising out of **personal injury or advertising injury**.
- w. Punitive Damages, Attorneys' Fees and Court Costs
Any judgment or **claim**, or any part thereof, for punitive damages, attorneys' fees, or court costs.
- x. **Bodily injury or property damage** arising out of any intentional tort or any willful violation of any law committed by or with the knowledge of, or implicit or tacit approval or consent of, any **insured**.
- y. Abuse or Molestation

We will not pay any sum or defend any **suit** on behalf of any **insured** or person—

- 1. who has been adjudicated, or has acknowledged, to have taken part in any act of **sexual abuse**; or

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2. who has been adjudicated, or has acknowledged, to have remained passive upon gaining knowledge of any actual or alleged act of **sexual abuse**.

- z. Special Events & Recreational Activities
With respect to the operations of any carnival, circus, festival, fair or property owned, leased, rented or occupied by you and used for recreational purposes, this insurance does not apply to:
 1. **Bodily injury** or **property damage** arising out of any mechanically operated amusement device; or
 2. **Bodily injury** or **property damage** to any person while attending, practicing for or participating in any sports or athletic contest or exhibition, including but not limited to rodeos, tractor pulls, horse shows, automobile shows, running events, trail riding or any other recreational competition; or
 3. **Bodily injury** or **property damage** arising out of, caused by or contributed to by ownership, non-ownership, maintenance, use or entrustment to others of any all-terrain vehicle (ATV). Use includes operation and **loading** or **unloading**.

B. PERSONAL INJURY AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

- a. **We** will pay those sums that the **insured** becomes legally obligated to pay as **damages** because of **personal injury** or **advertising injury** because of a **law enforcement incident** to which this insurance applies. **We** will have the right and duty to defend any **suit** to which this insurance applies, seeking those **damages**; but:
 - (1) **we** may investigate any **law enforcement incident** and settle any **claim** or **suit** at **our** discretion; and
 - (2) **our** right and duty to defend ends when **we** have used up the applicable Limit of Insurance in the payment of judgments or settlements under this coverage.
- b. This coverage applies to **personal injury** only if caused by an offense:
 - (1) committed in the **coverage territory** during the Policy Period; and
 - (2) arising out of the conduct of **your** business (excluding advertising, publishing, broadcasting or telecasting done by or for **you**).
- c. This coverage applies to **advertising injury** only if caused by an offense:
 - (1) committed in the **coverage territory** during the Policy Period; and
 - (2) in the course of advertising **your** goods, products or services.

2. Exclusions

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This insurance does not apply to any **suit** or **claim** for **damages**, whether direct or consequential, or any cause of action which is covered under any other coverage part herein or other Coverage Form of this Policy. This insurance also does not apply to the following:

a. **personal injury** or **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) any **damages**, loss, cost or expense by reason of any deliberately dishonest or fraudulent act or omission, or any criminal or malicious act or omission, or any willful violation of law, committed by or with the knowledge or consent, whether actual, tacit or implicit, of any **insured**;
- (5) 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;
- (6) which would not have occurred in whole or in part but for the actual, alleged or threatened discharge, disposal, seepage, migration, release or escape of **pollutants** at any time;
- (7) arising out of a breach of contract, except an implied contract to use another's advertising idea in **your** advertisement;
- (8) arising out of the failure of goods, products or services to conform with any statement of quality or performance made in **your** advertisement;
- (9) arising out of the wrong description of the price of goods, products or services stated in **your** advertisement;
- (10) committed by an **insured** whose business is advertising, broadcasting, publishing or telecasting. However, this exclusion does not apply to paragraph 23. a. b. and c. of **personal injury** under the Definitions Section;
- (11) arising out of the actual, alleged or threatened;
 - (a) inhalation of, ingestion of, or prolonged physical exposure to asbestos or products or work containing asbestos; or
 - (b) use of asbestos in **your work** or **your** product or the work or product of any person or organization for whom **you** may be legally responsible; or
 - (c) exposure to asbestos or products containing asbestos which are at any time removed from a building or a structure, transported, handled, stored, treated, disposed of, processed or manufactured by **you** or any person or any organization for whom **you** may be legally responsible;
- (12) arising out of any activities at any airfield, runway, hangar, airport, airpark, heliport, or similar property that **you** own, operate, use, maintain, license, permit or inspect, or located on any property **you** rent or lease, including a sub-lease.

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This exclusion does not apply to **personal injury** or **advertising injury** arising out of premises liability in buildings where the general public is admitted;

- (13) arising out of or in any way connected with any of the following by whatever name called:
 - (a) eminent domain; or
 - (b) land use planning; or
 - (c) municipal zoning; or
 - (d) condemnation; or
 - (e) inverse or reverse condemnation; or
 - (f) adverse possession or dedication by adverse use;
- (14) arising out of the failure of any **insured** to adequately supply gas, oil, electricity or steam or to maintain gas, electric, water, sewer or utility service;
- (15) arising out of the rupture, bursting, overtopping, accidental discharge, or structural failure of any **dam**, levee or dike, that **you** own, operate, use, maintain, license, permit or inspect, or located on any property **you** rent or lease, including a sub-lease;
- (16) arising out of:
 - (a) the ingestion, inhalation or absorption of lead in any form; or
 - (b) the presence of lead **at your premises**;
- (17) **We will not pay any sum or defend any suit** on behalf of any **insured** or person—
 - 1. who has been adjudicated, or has acknowledged, to have taken part in any act of **sexual abuse**; or
 - 2. who has been adjudicated, or has acknowledged, to have remained passive upon gaining knowledge of any actual or alleged act of **sexual abuse**.
- (18) Special Events & Recreational Activities
With respect to the operations of any carnival, circus, festival, fair or property owned, leased, rented or occupied by you and used for recreational purposes, this insurance does not apply to:
 - 1. **Bodily injury, property damage, personal and advertising injury** arising out of any mechanically operated amusement device; or
 - 2. **Bodily injury, property damage, personal and advertising injury** to any person while attending, practicing for or participating in any sports or athletic contest or exhibition, including but not limited to rodeos, tractor pulls, horse shows, automobile shows, running events, trail riding or any other recreational competition; or
 - 3. **Bodily injury** or **property damage** arising out of, caused by or contributed to by ownership, non-ownership, maintenance, use or entrustment to others of any all-terrain vehicle (ATV). Use includes operation and **loading** or **unloading**.
- (19) Punitive Damages, Attorneys' Fees and Court Costs

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Any judgment or **claim**, or any part thereof, for punitive damages, attorneys' fees, or court costs.

- (20) **Personal injury** or **advertising injury** arising out of the maintenance, operation or use of a continuing care facility, nursing home, long term care facility, assisted living community or hospital.

b. Any loss, cost or expense arising out of any:

- (1) 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**;
- (2) **claim** or **suit** by or on behalf of a governmental authority for **damages** because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing or in any way responding to or assessing the effects of **pollutants**; or
- (3) Any **claim** or judgment, or any part thereof, for punitive damages.

c. Participation in Multi-Jurisdictional Organizations Insured by Us

This insurance does not apply to **personal injury** or **advertising injury** arising out of the participation of any **insured** in any mutual assistance or joint powers arrangement or multi-jurisdictional partnership, joint venture or task force or other similar organization if the organization is insured by **us** under a separate Coverage Agreement specifically naming the organization as an **insured**.

SECTION II -WHO IS AN INSURED

1. Each of the following is an **insured**:

- a. **you**, the Public Entity named in the Declarations, are an **insured**;
- b. **your** past, present or future lawfully elected, appointed or employed officials; but only with respect to their duties as **your** officials.

2. Each of the following is also an **insured**:

- a. **your employees**, other than **your** officials, but only for acts within the scope of their employment by **you** or while performing duties related to the conduct of **your** business;
- b. **your** volunteer worker(s), but only while acting at the direction of, and within the scope of their duties for **you**. This does not include any person working on retainer, as an independent contractor, or as a confidential informant, whether or not registered with a law enforcement agency and whether or not receiving compensation;
- c. **your** nurses, paramedics and emergency medical technicians, but only while acting at the direction of, and within the scope of their duties for **you**;
- d. any person (other than **your employees** or **your** volunteers) or any organization while acting as **your** real estate manager;
- e. if **you** are a tenant and **your** lease agreement includes a provision requiring **you** to provide coverage for the liability of **your** landlord;

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- f. any person or organization that rents a premises to **you**, but only with respect to liability arising out of ownership, maintenance, or use of that part of the premises leased to **you**.

However,

- (1) no past, present or future lawfully elected, appointed or employed official, **employee**, volunteer worker, nurse, paramedic or emergency medical technician is an **insured** for:
 - a. **bodily injury** or **personal injury**:
 - (i) to **you**, or
 - (ii) to:
 - (a) **your** past, present or future lawfully elected, appointed or employed official(s);
 - (b) **your employees**; or
 - (c) **your** volunteer(s) including a nurse, paramedic or emergency medical technician while in the course of his or her employment or while performing duties related to the conduct of **your** business; or
 - (d) to the spouse, child, parent, brother or sister of that **employee** or volunteer as a consequence of such **bodily injury** or **personal injury** or for any obligation to share **damages** with or repay someone else who must pay **damages** because of the **bodily injury** or **personal injury**; or
 - (e) any obligation to share **damages** with or repay someone else who must pay **damages** because of the **bodily injury** or **personal injury**.
 - b. **property damage** to property owned, occupied or used by, 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** past, present or future lawfully elected, appointed or employed officials, any of **your employees**, or any of **your** volunteers; or
- (2) no past, present or future lawfully elected, appointed or employed official, **employee**, volunteer, worker, nurse, paramedic or emergency medical technician is an **insured** for **bodily injury** or **personal injury** arising out of his or her providing or failing to provide:
 - a. professional health care services as a physician, physician's assistant, osteopath, podiatrist, for which a license or authorization to practice medicine, osteopathy or podiatry is required under the laws of Kentucky or any other state.
 - b. professional dentistry as a dentist or dental hygienist for which a license or authorization to practice dentistry or dental hygiene services is required under the laws of Kentucky or any other state.
 - c. professional pharmacy services as a pharmacist for which a license or authorization for the practice of pharmacy is required under the laws of Kentucky or any other state.
 - d. professional psychiatry, psychology, psychology therapy or counseling services for which a license or authorization for the practice of psychiatry, psychology or social work is required under the laws of Kentucky or any other state.
 - e. Professional ophthalmologic or optometry services as an ophthalmologist or optometrist for which a license or authorization to practice ophthalmology or optometry is required under the laws of Kentucky or any other state.

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- f. professional engineering or land surveying services for which a license or authorization to practice engineering or land surveying is required under the laws of Kentucky or of any other state.
 - g. professional geology services, for which a license or authorization to practice geology is required under the laws of Kentucky or of any other state.
 - h. professional architect services for which a license or authorization to practice as an architect is required under the laws of Kentucky or of any other state.
 - i. professional chiropractic services for which a license or authorization to practice chiropractic is required under the laws of Kentucky or of any other state.
 - j. professional public accounting services for which a license or authorization to practice as a public accountant is required under the laws of Kentucky or of any other state.
 - k. professional ophthalmologic dispensing services for which a license or authorization to practice ophthalmologic dispensing services is required under the laws of Kentucky or of any other state.
 - l. professional legal services for which a license or authorization to practice law is required under the laws of Kentucky or of any other state.
- (3) With respect to **mobile equipment** registered in **your** name under any motor vehicle registration law, any person is an **insured** while operating such **mobile equipment** along a public highway with **your** permission. Any other person or organization responsible for the conduct of such person is also an **insured**, but only with respect to liability arising out of the operation of the **mobile equipment**, and only if no other insurance is available to that person or organization for this liability. However, no person or organization is an **insured** with respect to:
- a. **property damage** to property owned by, rented to, in the charge of or occupied by **you** or the employer of any person who is an **insured** under this provision;
 - b. **bodily injury** to a co-**employee** of the person driving the equipment.
- (4) The estates, heirs, legal representatives or assignees of deceased persons in 1.b. and 2. above who were **insureds** at the time of the **occurrence** upon which a **claim** is based are **insureds** provided the **claim** is made within one year of that person's death but only to the extent coverage applies to such deceased persons.
- (5) Any board (or member of the Board), commission (or member of the commission), governmental agency or subdivision, department, municipal body, not-for-profit corporation (member or director of the not-for-profit corporation) or other unit operated by **you** under **your** control or under **your** jurisdiction will qualify as a Named **Insured** to the extent there is no other insurance providing coverage available to that organization and if such organization is identified in a Specified Boards, Commissions or Units Endorsement to this Policy.

SECTION III - LIMIT OF INSURANCE

1. The Limit of Insurance shown in the Declarations and the rules below determine the most **we** will pay regardless of the number of:

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- a. **insureds**;
 - b. **claims** made or **suits** brought; or
 - c. persons or organizations making **claims** or bringing **suits**.
2. The Law Enforcement Liability Each Occurrence Limit is the most **we** will pay on any one **occurrence** for the sum of all:
- a. **damages** under Coverage A. Bodily Injury and Property Damage Liability except **damages** because of **bodily injury** and **property damage** included in the **products-completed operations hazard**; and
 - b. **damages** under Coverage B. Personal Injury and Advertising Injury Liability.
3. The Law Enforcement Liability Aggregate Limit is the most **we** will pay for the sum of:
- a. **damages** under Coverage A. Bodily Injury and Property Damage Liability except **damages** because of **bodily injury** and **property damage** included in the **products-completed operations hazard**; and
 - b. **damages** under Coverage B. Personal Injury and Advertising Injury Liability.
4. The Limit of Insurance of this Coverage Form applies separately to each consecutive annual Policy 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 one or more 12 month periods for a period of less than 12 months. In that case the additional period will be deemed as part of the last preceding period for purposes of determining the Limit of Insurance.

SECTION IV – LAW ENFORCEMENT LIABILITY CONDITIONS

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

1. Bankruptcy
If **you** or **your** estate becomes bankrupt or insolvent, **we** will still be bound by the provisions of this Coverage Form.
2. Duties In the Event Of An Occurrence, Offense, Claim or Suit
 - a. The **insured** must notify **us** or one of **our** authorized agents promptly of an **occurrence** or offense which may result in a **claim** except as follows:
If **you** have announced to all of **your employees** that all **occurrences** or offenses must be reported and have established a reasonable procedure for doing so, knowledge of **employees** shall not be considered to be knowledge of the **insured** until **you**, an **executive officer**, partner or other persons employed by **you** in a supervisory capacity shall have received actual notice of such **occurrence** or offense.
Notice of an **occurrence** or offense is not notice of a **claim**.
 - b. The **insured** must give **us** details of the **occurrence** or offense. Details include how, when and where the **occurrence** or offense took place.

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- c. The **insured** must help **us** to get the names and addresses of injured persons and witnesses.
- d. 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** in writing immediately.
- e. Any **insured** involved in a **claim** or **suit** must:
 - (1) immediately send **us** copies of any 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) upon **our** request, assist **us** in obtaining reimbursement in a reasonable manner from any person or organization which may be liable to any **insured** because of injury or damage to which this insurance may also apply.
- f. No **insureds** will, except at their own cost, make a payment, settle, assume any obligation, or incur any expense, other than for first aid without **our** consent.

3. Legal Action Against Us

You may not bring any **suit** or legal action against **us** to recover a **claim** unless the terms of this Policy have been complied with. Nor can **suit** be brought against **us** until the amount of a **claim** against **you** has been determined or agreed upon. Venue for any **suit** or legal action brought by **you** against **us** or by **us** against **you** concerning **our** duties and obligations to **you** hereunder or otherwise by operation of law shall only be commenced in the courts of the Commonwealth of Kentucky sitting in Franklin County, Kentucky. Any **suit** or legal action brought by **you** against **us** must be commenced within twelve (12) months of the date that the amount of the **claim** against you has been determined or agreed upon.

Nothing in this Policy gives any person or organization the right to join **us** as a party to a **suit** brought against **you**.

4. Other Insurance

- a. Coverage provided under this Coverage Form is primary except as stated in b. and c. below. When this Coverage Form is primary, **our** obligations are not affected unless **you** have other insurance that is also primary. Then, **we** will share with all that other insurance by the method described in d. below
- b. To the extent coverage is provided by this Coverage Form for the following types of loss, coverage does not apply until the limits of all other insurance (including any deductibles) have been exhausted:
 - (1) losses resulting from the maintenance or use of aircraft, **autos** or watercraft to the extent not subject to exclusion g. of Coverage A;
 - (2) losses resulting from **your** liability for fire, explosion or **water damage**; or
 - (3) losses that are direct physical damage to **your work**.
- c. This insurance is excess over the other insurance, whether primary, excess, contingent or on any other basis that covers:

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- (1) with respect to **mobile equipment** registered in **your** name under any motor vehicle registration law and subject to paragraph 4, of Section II-Who Is An Insured, any other person or organization responsible for the conduct of any person who is an **insured** operating such **mobile equipment** with **your** permission along a public highway.
- (2) any board (or officer or member of the Board), commission (or officer or member of the Commission) governmental agency or subdivision, department, municipal body, not for profit corporation (or member, director or officer of the not for profit corporation) or other unit operated by **you**, under **your** control, or under **your** jurisdiction.

d. Method of Sharing

If all of the other insurance permits contribution by equal shares, **we** will follow this method also. Under this approach, each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, **we** will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable Limit of Insurance of all insurers.

- e. When this insurance is excess, **we** will have no duty to defend any **claim** or **suit** that any other insurer defends. If no other insurer defends, **we** will undertake to do so, but **we** will be entitled to exercise the **insured's** rights against all those other insurers.

5. Premium Audit

Except as otherwise provided to the contrary in **our** Program Agreement with **you**, and unless specified elsewhere in this Coverage Form, the premium for this Coverage Form is a flat annual premium.

6. Arbitration

If a **claim** against any **insured** goes to arbitration, **we** shall be entitled to exercise the **insured's** rights in the choice of arbitrators.

7. Separation Of Insureds

Except with respect to the Limit of Insurance, or any rights or duties specifically assigned in this Coverage Form 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 a **claim** is made or **suit** is brought.

8. Transfer Of Rights Of Recovery Against Others To Us

Any person to whom or for whom **we** make payment must transfer to **us** his or her rights of recovery against any other party. This person must do everything needed to secure and preserve these rights. He or she must do nothing after the loss that would jeopardize them.

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9. When We Do Not Renew

If **we** decide not to renew this Coverage Part, **we** will mail or deliver to the first Named **Insured** shown in the Declarations written notice of the nonrenewal not less than 75 days before the expiration date.

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

10. Newly Acquired Or Formed Organizations

If **you** acquire or form a new organization:

- a. other than a partnership or joint venture, and
- b. over which **you** maintain ownership or majority interest,
you must report it to **us** promptly.

11. Settlement

We may settle any **claim** or **suit** at **our** discretion.

SECTION V - DEFINITIONS

1. **Advertising injury** - 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;arising out of advertising activities.
2. **Auto** - a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment. **But auto** does not include **mobile equipment**.
3. **Bodily injury - bodily injury**, sickness or disease sustained by a person, including care, loss of services or death resulting from any of these at any time.
4. **Claim** –
 - a. a **suit**; or
 - b. a written demand or written notice by or for the injured person for **damages** because of alleged injury or stating the intent to hold an **insured** liable for **damages**.
5. **Coverage territory** – the United States of America (including its territories and possessions), Puerto Rico and Canada.

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6. **Dam** – any artificial barrier, together with appurtenant works, which does or may impound or divert water, and which either (a) is 25 feet or more in height from the natural bed of the stream or watercourse at the downstream toe of the barrier, or from the lowest elevation of the outside limit of the barrier, if it is not across a stream, channel or watercourse, to the maximum possible water storage elevation; or (b) has an impounding capacity of 50 acre-feet or more.

However, any such barrier which is not in excess of six feet in height, regardless of storage capacity, or which has a storage capacity not in excess of 15 acre-feet, regardless of height, shall not be considered a **dam**. No obstruction in a canal used to raise or lower water therein or divert water therefrom, no levee, including but not limited to a levee on the bed of a natural lake the primary purpose of which levee is to control floodwaters, no railroad fill or structure, tank constructed of steel or concrete or of a combination thereof, no tank elevated above the ground and no barrier which is not across a stream channel, watercourse, or natural drainage area and which has the principal purpose of impounding water for agricultural use shall be considered a **dam**. In addition, no obstruction in the channel of a stream or watercourse which is 15 feet or less in height from the lowest elevation of the obstruction and which has the single purpose of spreading water within the bed of the stream or watercourse upstream from the construction for percolation underground shall be considered a **dam**.

7. **Damages** – monetary judgments, awards and settlements including back pay and front pay. However **damages** do not include:
- a. civil or criminal fines, sanctions, penalties, forfeiture, an award of attorney's fees, an award of court costs, or a fine, penalty or other award imposed pursuant to the Kentucky Open Records Act or the Kentucky Open Meetings Act;
 - b. injunctive or equitable relief;
 - c. punitive damages; or
 - d. disgorgement of salary, wages or other compensation by any of **your** elected officials.
8. **Defense costs** – reasonable and necessary fees, costs and expenses consented to and incurred by **us** (including without limitation premiums for any appeal bond, attachment bond, or similar bond, but without any obligation to apply for or furnish such bond, attorneys' fees and expenses, expert witness fees and expenses and court costs) resulting solely from the investigation, adjustment, defense and appeal of a **claim** or **suit** against the **insured(s)**.
9. **Drone** - an unmanned aircraft, wheeled and/or tracked vehicle or watercraft guided by remote control or that can navigate autonomously.
10. **Employee** - includes a **leased worker**. **Employee** does not include a **temporary worker**.
11. **Executive officer** - only a person holding any of the officer positions created by **your** charter, constitution or by-laws.

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12. **Hostile fire** - a fire which becomes uncontrollable or breaks out from where it was intended to be.
13. **Impaired property** - 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:
- (1) the repair, replacement, adjustment or removal of **your product** or **your work**;
or
 - (2) **your** fulfilling the terms of the contract or agreement.
14. **Insured** - any person or organization qualifying as such under SECTION II - WHO IS AN INSURED of this Coverage Form.
15. **Insured's auto** - an **auto** owned or operated by or rented or loaned to any **insured**.
16. **Insured contract** -
- a. a contract for a lease of **your premises**; however, that portion of the contract for a lease of **your 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.
- 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

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- (b) giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage;
 - (3) under which the **insured**, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the **insured's** rendering or failure to render professional services, including those listed in (2)(a) above and supervisory, inspection or engineering services.
- 17. **Law enforcement incident** – any error, act, omission, neglect or breach of duty resulting from law enforcement activities of **your** police department or any of **your** other law enforcement agencies, including their agents or **employees**. All **claims** arising from a series of related errors, acts, omissions, neglects or breaches of duty shall constitute a single **law enforcement incident**.
- 18. **Law enforcement agency** – a police department, sheriff's department, detention center or correctional facility, including their agents and **employees** that:
 - a. is considered to be part of **you**; or
 - b. is **your** legal responsibility
- 19. **Leased worker** - 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**.
- 20. **Loading or unloading** - 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**.
- 21. **Mobile equipment** - 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 **your premises**; however, any land motor vehicle, trailer or semi-trailer designed for travel on public roads (including any machinery or apparatus that is attached) owned or leased by **you** shall be deemed an **auto** and not **mobile equipment** if the only reason for considering it **mobile equipment** is that it is maintained for use exclusively on streets or highways owned by **you**;
 - c. vehicles that travel on crawler treads;
 - d. vehicles, whether self-propelled or not, on which are permanently mounted:

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- (1) power cranes, shovels, loaders, diggers or drills; or
- (2) road construction or resurfacing equipment such as graders, scrapers or rollers;
- e. vehicles not described in a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1) air compressors, pumps and generators, including spraying, welding, building cleaning, geological 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., d. or e. 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**:

- (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 an **auto** 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, vehicles not described in a. through f. above which are designed for travel on public roads but not licensed are not **mobile equipment**.

- 22. **Occurrence** - an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
- 23. **Personal injury** - injury other than **bodily injury**, arising out of one or more of the following offenses:
 - a. false arrest, detention or imprisonment; or
 - b. malicious prosecution; or
 - c. wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of:
 - (1) a room,
 - (2) a dwelling, or
 - (3) **your** premises;that a person occupies by or on behalf of its owner, landlord or lessor; or
 - 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.

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24. **Pollutants** - any solid, liquid, gaseous or thermal irritant or contaminant, including, but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals and **waste**.
25. **Products-completed operations hazard** -
- a. all **bodily injury** and **property damage** occurring away from **your premises** and arising out of **your product** or **your work** except:
 - (1) products that are still in **your** physical possession; or
 - (2) work that has not yet been completed or abandoned.
 - b. **your work** will be deemed completed at the earliest of the following times:
 - (1) when all of the work called for in **your** contract has been completed;
 - (2) when all of the work to be done at the site has been completed if **your** contract calls for work at more than one site;
 - (3) when that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project; or
 - (4) work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete will be treated as completed.
 - c. this hazard does not include **bodily injury** or **property damage** arising out of:
 - (1) the transportation of property, unless the injury or damage arises out of a condition in or on a vehicle created by the **loading or unloading** of it;
 - (2) the existence of tools, uninstalled equipment or abandoned or unused materials;
or
 - (3) products or operations for which the classification, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Liability Limit.
26. **Property damage** -
- 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.
27. **Sexual abuse** means sexual molestation, including but not limited to sexual exploitation, deliberate physical contact, mental abuse and illicit conduct not involving physical contact.

Multiple acts of **sexual abuse** by the same person or persons, including any breach of duty with respect to employment, investigation, supervision, reporting or failing to report, or retention relating to any person or persons associated with an act or acts of **sexual abuse**, will be deemed to be one **law enforcement incident**. The date of the **law enforcement incident** will be deemed to be the date of the first act of **sexual abuse**.

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28. **Suit** - a civil legal proceeding in which **damages** 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 such **damages** are **claimed** and to which **you** submit with **our** consent.
29. **Temporary worker** - a person who is furnished to **you** to substitute for a permanent **employee** on leave or to meet seasonal or short-term workload conditions.
30. **Tort liability** - liability that would be imposed by law in the absence of any contract or agreement.
31. **Waste** - all waste including materials to be recycled, reconditioned or reclaimed.
32. **Water damage** - 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, other than an automatic sprinkler system. **Water damage** does not include the cost of repairing or replacing the system or appliance from which the water or steam escapes.
33. **Your operations** - **your** customary business activities and operations occurring at **your premises**.
34. **Your premises** - a premises **you** own, occupy, or rent or a premises **you** utilize with the written consent of the owner or tenant thereof.
35. **Your product** -
- 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:
- i. warranties or representations made at any time with respect to fitness, quality, durability, performance or use of **your product**; and
 - ii. the providing 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.
36. **Your work** -

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- 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:

- i. warranties or representations made at any time with respect to fitness, quality, durability, performance or use of **your work**; and
- ii. the providing of or failure to provide warnings or instructions.

**ENDORSEMENT TO LAW ENFORCEMENT LIABILITY
COVERAGE FORM**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following coverage document(s):

LAW ENFORCEMENT LIABILITY COVERAGE FORM

The following language is added as Subsection g. of paragraph 2. of **SECTION II -WHO IS AN INSURED:**

- g. Notwithstanding anything contained in Paragraphs a. through f. above, no EMT, paramedic or ambulance services professional shall be covered hereunder if working for, on behalf of or under the supervision or direction of a person or entity other than **you** which is insured by **us** or any other carrier or entity authorized to provide liability insurance coverage regardless of whether such EMT, paramedic or ambulance services professional shall also be **your** employee.

INVESTIGATION DEFENSE COVERAGE ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This Endorsement modifies insurance provided under the following coverage forms for the items listed below:

LAW ENFORCEMENT LIABILITY COVERAGE FORM

Effective Date: This endorsement only applies to acts occurring after December 1, 2018 which give rise to an investigation covered hereunder.

Paragraph C. is added to the end of **SECTION I – COVERAGES** as follows:

C. INVESTIGATION DEFENSE COVERAGE.

- Coverage. We will defend **your** elected County Sheriff or **your employees** who are Kentucky Law Enforcement Council certified and employed as a sheriff's deputy or county police officer and qualify as an **insured** under this policy, against any local, state or federal criminal investigation which arises from any act within the scope of their employment by **you** as a law enforcement officer.
- Off Duty Employment Excluded. This coverage will not apply to any investigation which arises out of any act occurring while the sheriff, sheriff's deputy or county police officer is working or performing services for another employer, regardless of whether the act is also considered to be within the scope of his/her employment by **you** as a law enforcement officer.
- Duration of Defense Coverage. **Our** duty to defend under this provision shall begin at the time an investigation is commenced and end when [1] charges are filed or an indictment is issued against the sheriff, sheriff's deputy or county police officer under investigation; or [2] the sheriff, sheriff's deputy or county police officer acknowledges or is adjudicated to have committed an illegal act; or [3] the investigation is terminated, whichever comes first.
- Coverage Limit. The amount **we** will pay for defense on behalf of the sheriff, a sheriff's deputy or a county police officer for a single investigation covered under this paragraph is \$5,000. The most **we** will pay for defense on behalf of the sheriff, a sheriff's deputy or a county police officer during the policy period is \$10,000. The most we will pay for defense under this coverage for all **insureds** in the aggregate is \$25,000.

ELECTED PUBLIC OFFICIALS LEGAL DEFENSE COVERAGE FORM

This Coverage Form explains **YOUR LEGAL DEFENSE COVERAGE**. The coverages referenced in this Coverage Form are:

Coverage A. Intentional Tort Defense

Coverage B. Public Officials Criminal Charges Defense

No obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under the Policy applicable to these coverages.

These coverages are subject to exclusions that restrict coverage. The amount **we** will pay is limited as described under **LEGAL DEFENSE LIMIT OF INSURANCE**. Read the entire Policy carefully to determine rights, duties and what is and is not covered.

Throughout this Coverage Form the words **you** and **your** refer to the Named **Insured** shown in the Declarations, and any other person or organization qualifying as an **insured** under this Coverage Form. 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 WHO IS AN INSURED (SECTION II).

Other words and phrases that appear in **bold** have special meaning. Refer to DEFINITIONS (SECTION V).

SECTION I – COVERAGES

A. INTENTIONAL TORT DEFENSE

1. Insuring Agreement

We will defend any **suit** seeking **damages** against an **insured** because of or as a result of an **intentional tort** resulting in **personal injury, bodily injury, property damage or advertising injury** to which this Coverage Form applies. This Coverage Form applies only to **personal injury, bodily injury, property damage and advertising injury** that occurs during the Policy Period. The **personal injury, bodily injury, property damage or advertising injury** must be caused by an **intentional tort**. The **intentional tort** must take place in the **coverage territory**. **We** will have the right and duty to defend any **suit** to which this Coverage Form applies, seeking those **damages**; but:

- a. **we** may investigate any **intentional tort** and settle any **claim** or **suit** at **our** discretion; and
- b. **our** right and duty to defend ends when **we** have used up the applicable Legal Defense Limit of Insurance in the payment of the costs and expenses of defense under Coverage A. Intentional Tort Defense, and/or Coverage B. Criminal Charges Defense Liability; and
- c. **we** shall not be liable to indemnify **you**, nor shall **we** pay, that portion of any judgment or **claim** that has been found to be the result of an **intentional tort**.

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2. Exclusions

Insurance under Coverage A. Intentional Tort Defense does not apply to any **suit** or **claim** for **damages**, whether direct or consequential, or any cause of action which is covered under any other coverage part herein or other Coverage Form of this Policy. This insurance also does not apply to the following:

a. Contractual Liability Claims

Advertising injury, personal injury, bodily injury or property damage claims against the **insured** by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for **damages**:

- (1) assumed in a contract or agreement that is an **insured contract** provided that the **bodily injury or property damage** occurs subsequent to the execution of the contract or agreement; or
- (2) that the **insured** would have in the absence of the contract or agreement.

b. Liquor Liability

This insurance does not apply to any claim arising from the consumption or distribution of any alcoholic beverage.

This exclusion applies to all allegations including, but not limited to, negligent hiring, placement, training, supervision, or to any act, error or omission relating to the consumption or distribution of any alcoholic beverage.

c. Pollution

- (1) **Advertising injury, personal injury, bodily injury or property damage claims** against an **insured** which would not have occurred in whole or in part but for the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **pollutants** at any time.
- (2) Any **loss**, cost or expense arising out of any:
 - (a) request, demand, rule 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**.

Paragraph (1) of this exclusion does not apply to **bodily injury or property damage** arising out of heat, smoke or fumes from a **hostile fire**.

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d. Aircraft, Auto or Watercraft

Bodily injury or property damage claims against an **insured** arising out of the ownership, maintenance, use or entrustment to others of any aircraft, **drone, auto** or watercraft owned or operated by or rented or loaned to any **insured**. Use includes operation and loading or unloading.

This exclusion does not apply to:

- (1) a watercraft while ashore on **your premises**;
- (2) a watercraft not being used to carry persons or property for a charge. Watercraft carrying persons for a charge are covered if scheduled to this Policy;
- (3) parking an **auto** on, or on the ways next to, **your premises**, other than an **insured's auto**;
- (4) liability of others 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 the operation of any of the equipment listed in paragraph f (2) or f (3) of the definition of **mobile equipment**.

e. **Mobile equipment personal injury, advertising injury, bodily injury or property damage claims** against an **insured** arising out of:

- (1) the transportation of **mobile equipment** by an **insured's auto**; or
- (2) the use of **mobile equipment** in, or while in practice for or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

f. War

Personal injury, advertising injury, bodily injury or property damage claims against an **insured** due to **war** whether or not declared, or any act or condition incident to **war**. **War** includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

g. Damage to Property

Property damage to:

- (1) **your premises**;
- (2) premises **you** sell, give away or abandon, if the **property damage** arises out of any part of those premises;
- (3) property loaned to **you**;

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- (4) personal property in the care, custody or control of the **insured**;
- (5) that particular part of real property on which **you** or any 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.

Paragraph (2) of this exclusion does not apply if the premises are **your work** and were never occupied, rented or held for rental by **you**.

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

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

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. Damage to Property Not Physically Injured or Required Damage to Property

Property damage to:

- (1) property that has not been physically injured, arising out of:
 - (a) a defect, deficiency, inadequacy or dangerous condition in **your product** or **your work**; or
 - (b) a delay or failure by **you** or anyone acting on **your** behalf to perform a contract or agreement in accordance with its terms.
- (2) property which it is necessary to damage in order to:
 - (a) repair, replace, adjust, or remove **your product** or **your work** that is known to be defective, deficient, inadequate or dangerous; or
 - (b) correct **your** failure or the failure of anyone acting on **your** behalf to perform a contract or agreement in accordance with its terms.

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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.

k. 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 **your product**, **your work** or the **impaired property** is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

l. Asbestos

Personal injury, advertising injury, bodily injury or property damage claims arising out of the actual, alleged or threatened:

- (1) inhalation of, ingestion of, or prolonged physical exposure to asbestos or products or work containing asbestos; or
- (2) use of asbestos in **your work** or **your product** or the work or product of any person or organization for whom **you** may be legally responsible; or
- (3) exposure to asbestos or products containing asbestos which are at any time removed from a building or a structure, transported, handled, stored, treated, disposed of, processed or manufactured by **you** or any person or any organization for whom **you** may be legally responsible.

m. **Personal injury, advertising injury, bodily injury or property damage claims** arising out of the failure of any **insured** to adequately supply gas, oil, electricity or steam or to maintain gas, electric, water, sewer or utility service.

n. **Personal injury, advertising injury, bodily injury or property damage claims** arising out of or in any way connected with the actions of any administrative board, by whatever name called, acting as a body in its official capacity and arising out of any of the following by whatever name called:

- (1) eminent domain; or
- (2) condemnation; or
- (3) inverse or reverse condemnation; or
- (4) adverse possession or dedication by adverse use.

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o. Lead

Personal injury, advertising injury, bodily injury or property damage claims arising out of:

- (1) the ingestion, inhalation or absorption of lead in any form; or
- (2) the presence of lead at **your premises**.

p. **Personal injury, advertising injury, bodily injury or property damage claims** arising out of the operation, maintenance, use or operation of airfields, runways, hangars, heliports, helipads, buildings or other properties used in connection with aviation activities or airports. This exclusion does not apply to:

- (1) **bodily injury or property damage** included in the **products-completed operations hazard**; or
- (2) **bodily injury or property damage** arising out of **premises** liability in buildings where the general public is admitted.

q. **Personal injury, advertising injury, bodily injury or property damage** arising out of:

- (1) oral or written publication of material whose first publication took place before the beginning of the Policy Period;
- (2) breach of contract, other than misappropriation of advertising ideas under an implied contract;
- (3) the failure of goods, products or services to conform with advertised quality or performance;
- (4) the wrong description of the price of goods, products or services; or
- (5) an offense committed by an **insured** whose business is advertising, broadcasting, publishing or telecasting.

y. Abuse or Molestation

This insurance does not apply to **bodily injury, property damage, personal injury or advertising injury** arising out of:

1. The actual or threatened abuse or molestation by anyone of any person while in the care, custody or control of any insured, or
2. The negligent:
 - a. Employment;
 - b. Investigation;
 - c. Supervision;
 - d. Reporting to the proper authorities, or failure to so report; or
 - e. Retention;

of a person for whom any insured is or ever was legally responsible and whose conduct would be excluded by Paragraph 1. above.

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z. Special Events & Recreational Activities

With respect to the operations of any carnival, circus, festival, fair or property owned, leased, rented or occupied by you and used for recreational purposes, this insurance does not apply to:

1. **Bodily injury, personal injury, advertising injury or property damage** arising out of any mechanically operated amusement device; or
2. **Bodily injury, personal injury, advertising injury or property damage** to any person while attending, practicing for or participating in any sports or athletic contest or exhibition, including but not limited to rodeos, tractor pulls, horse shows, automobile shows, running events, ATV trail riding or any other recreational competition.

B. PUBLIC OFFICIALS CRIMINAL CHARGES DEFENSE

We will defend any state or federal criminal prosecution brought against an **insured** who is an elected public official acting within the scope of his or her employment with the **insured**, and on behalf of the **insured**, and while so acting, ordering, authorizing, encouraging, performing, tacitly, implicitly, recklessly or wantonly tolerating or performing criminal conduct. **We** have the right and duty to defend such criminal prosecutions to which this insurance applies, but:

1. **our** right and duty to defend ends when **we** have used up the applicable limit of insurance in the payment of the costs and expenses of defense under Coverage A. Intentional Tort Defense or Coverage B. Criminal Charges Defense; and
2. **we** shall not be liable for, nor shall **we** pay, any fines, levies, penalties, restitutions or disgorgements assessed or made or adjudged by reason of a criminal prosecution.

C. LEGAL DEFENSE FOR CLAIMS NOT OTHERWISE COVERED

We will defend any judicial or administrative proceeding filed against the Named **Insured** shown on the Declarations Page. Insurance under Coverage C. Legal Defense for Claims Not Otherwise Covered shall not apply to any judicial or administrative proceeding involving unemployment insurance, workers' compensation or that is otherwise covered under this or any other policy issued by **us**. The most **we** will pay under Coverage C. Legal Defense for Claims Not Otherwise Covered is \$50,000.

D. DEFENSE PAYMENTS

We will pay, with respect to any **claim** or **suit** **we** defend, in the aggregate up to the Limit of Insurance, the following.

1. all expenses **we** incur.
2. up to \$2,500 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the **bodily injury** liability coverage applies. **We** do not have to furnish these bonds.

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3. the cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. **We** do not have to furnish these bonds.
4. all reasonable expenses incurred by the **insured** at **our** request, including actual **loss** of earnings up to \$500 a day, because of time off from work.
5. Attorneys' fees and expert witnesses' fees and costs and expenses reasonably incurred by **us**.

SECTION II - WHO IS AN INSURED

Your elected public officials and county appointed planning and zoning board members acting within the scope of their employment with the **insured**.

SECTION III – LEGAL DEFENSE LIMIT OF INSURANCE

1. The Legal Defense Limit of Insurance as shown in the Declarations is the most **we** will pay for the sum of:
 - a. **Defense costs** under Coverage A. Intentional Tort Defense Liability; and
 - b. **Defense costs** under Coverage B. Public Officials Criminal Charges Defense.
2. Subject to 1. above, the Each Intentional Tort Limit is the most **we** will pay for the sum of **defense costs** under Coverage A. Intentional Tort Defense and Coverage B. Public Officials Criminal Charges Defense arising out of any one **intentional tort**.

The Legal Defense Limit of Insurance of this Coverage Form applies separately to each consecutive annual Policy 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 one or more 12 month periods for a period of less than 12 months. In that case the additional period will be deemed as part of the last preceding period for purposes of determining Legal Defense Limit of Insurance.

SECTION IV - CONDITIONS

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

1. Bankruptcy

If **you** or **your** estate becomes bankrupt or insolvent, **we** will still be bound by the provisions of this Coverage Form.

2. Duties In the Event Of An Intentional Tort, Offense, Claim or Suit

- a. An **insured** must notify **us** or one of **our** authorized agents promptly of an **intentional tort** or offense which may result in a **claim** except as follows: If **you**

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have announced to all of **your employees** that all **intentional torts** or offenses must be reported and have established a reasonable procedure for doing so, knowledge of **employees** shall not be considered to be knowledge of the **insured** until **you**, an **executive officer**, partner or other persons employed by **you** in a supervisory capacity shall have received actual notice of such **intentional tort** or offense.

Notice of an **intentional tort** or offense is not notice of a **claim**.

- b. Any **insured** must give **us** details of the **loss**. Details include how, when and where the **intentional tort** or offense took place.
- c. Any **insured** must help **us** to get the names and addresses of injured persons and witnesses.
- d. 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** in writing immediately.
- e. Any **insured** involved in a **claim** or **suit** must:
 - (1) immediately send **us**, upon **our** request, 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 obtaining reimbursement in a reasonable manner from any person or organization which may be liable to the **insured** because of injury or damage to which this insurance may also apply.
- f. No **insureds** will, except at their own cost, make a payment, settle, assume any obligation, or incur any expense, other than for first aid, unless **we** agree.

3. Legal Action Against Us

You may not bring any **suit** or legal action against **us** to recover a **claim** unless the terms of this Policy have been complied with. Nor can **suit** be brought against **us** until the amount of a **claim** against **you** has been determined or agreed upon. Venue for any **suit** or legal action brought by **you** against **us** or by **us** against **you** concerning **our** duties and obligations to **you** hereunder or otherwise by operation of law shall only be commenced in the courts of the Commonwealth of Kentucky sitting in Franklin County, Kentucky. Any **suit** or legal action brought by **you** against **us** must be commenced within twelve (12) months of the date that the amount of the **claim** against **you** has been determined or agreed upon.

Nothing in this Policy gives any person or organization the right to join **us** as a party to a **suit** brought against **you**.

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4. Premium Audit

Except as otherwise provided to the contrary in **our** Program Agreement with **you**, and unless specified elsewhere in this Coverage Form, the premium for this Coverage Form is a flat annual premium.

5. Arbitration

If a **claim** against any **insured** goes to arbitration, **we** shall be entitled to exercise the **insured's** rights in the choice of arbitrators.

6. Separation Of Insureds

Except with respect to the Limit of Insurance, or any rights or duties specifically assigned in this Coverage Form 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 a **claim** is made or **suit** is brought.

7. Transfer Of Rights Of Recovery Against Others To Us

Any person to whom or for whom **we** make payment must transfer to **us** his or her rights of recovery against any other party. This person must do everything needed to secure and preserve these rights. He or she must do nothing after the **loss** that would jeopardize them.

8. Settlement

We may settle any **claim** or **suit** at **our** discretion.

SECTION V - DEFINITIONS

1. **Advertising injury** - 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; arising out of advertising activities.

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2. **Auto** - a land motor vehicle, trailer or semi trailer designed for travel on public roads, including any attached machinery or equipment. But **auto** does not include **mobile equipment**.
3. **Bodily injury - bodily injury**, sickness or disease sustained by a person, including care, **loss** of services or death resulting from any of these at any time.
4. **Claim** –
 - a. a **suit**, or
 - b. a written demand or written notice by or for the injured person for **damages** because of alleged injury or stating the intent to hold an **insured** liable for **damages**.
5. **Coverage territory** - the United States of America (including its territories and possessions), Puerto Rico and Canada.
6. **Damages** – monetary judgments, awards and settlements including back pay and front pay. However, **damages** do not include:
 - a. civil or criminal fines, sanctions, penalties, forfeiture, an award of court costs, an award of attorney's fees, or a fine, penalty or other award imposed pursuant to the Kentucky Open Records Act or the Kentucky Open Meetings Act;
 - b. injunctive or equitable relief (excluding land use planning or municipal zoning);
 - c. punitive damages; or
 - d. disbursement of salary, wages or other compensation by any of **your** elected officials.
7. **Defense costs** – reasonable and necessary fees, costs and expenses consented to and incurred by **us** (including without limitation premiums for any appeal bond, attachment bond, or similar bond, but without any obligation to apply for or furnish such bond, attorneys' fees and expenses, expert witness fees and expenses and court costs) resulting solely from the investigation, adjustment, defense and appeal of a **claim** or **suit** against the **insured(s)**.
8. **Drone** - an unmanned aircraft, wheeled and/or tracked vehicle or watercraft guided by remote control or that can navigate autonomously.
9. **Employee** - includes a **leased worker**. **Employee** does not include a **temporary worker**.
10. **Executive Officer** - only a person holding any of the officer positions created by **your** charter, constitution or bylaws.
11. **Hostile fire** - a fire which becomes uncontrollable or breaks out from where it was intended to be.
12. **Impaired property** - 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;

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if such property can be restored to use by:

- (1) the repair, replacement, adjustment or removal of **your product** or **your work**; or
- (2) **your** fulfilling the terms of the contract or agreement.

13. **Insured** - any person or organization qualifying as such under SECTION II - WHO IS AN INSURED of this Coverage Form.

14. **Insured's auto** - an **auto** owned or operated by or rented or loaned to any **insured**.

15. **Insured contract** -

- a. a contract for a lease of **your premises**; however, that portion of the contract for a lease of **your premises** that indemnifies any person or organization for damage by fire to **your 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.

Paragraph c. 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;

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- (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)(a) above, supervisory, inspection or engineering services.
16. **Intentional tort** – a tort which was committed with knowledge that committing the act was wrong or expected to produce a **wrongful act** or knowingly failing to correct a **wrongful act** after discovery. **Intentional tort** additionally means any action or inaction by the member or its **employees** in violation of any ordinance, regulation, statute or constitutional provision. **Intentional tort** shall also include any violation of the provisions of Americans With Disabilities Act or related statutes and any action taken by an **insured** or an **insured's employee** in violation of a person's constitutional or civil rights or in a retaliation for a person or persons exercising their constitutional rights to free speech or association.
17. **Leased worker** - 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**.
18. **Loading or unloading** - 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**.
19. **Mobile equipment** - 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 **your premises**;
 - 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;

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- e. vehicles not described in a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1) air compressors, pumps and generators, including spraying, welding, building cleaning, geological 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., d. or e. 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**:

- (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 an **auto** 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, vehicles not described in a. through f. above which are designed for travel on public roads but not licensed are not **mobile equipment**.

- 20. **Personal injury** - injury other than **bodily injury**, arising out of one or more of the following offenses:
 - a. false arrest, detention or imprisonment;
 - b. malicious prosecution;
 - c. wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of:
 - (1) a room;
 - (2) a dwelling; or
 - (3) **your premises**; that a person occupies by or on behalf of its owner, landlord or lessor;
 - d. oral or written publication of material that slanders or libels a person or organization or disparages a persons or organizations goods, products or services;
 - e. oral or written publication of material that violates a persons right of privacy.

- 21. **Pollutants** - 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.

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22. **Products-completed operations hazard -**

- a. all **bodily injury** and **property damage** occurring away 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 from **your premises**
- b. **your work** will be deemed completed at the earliest of the following times:
 - (1) when all of the work called for in **your** contract has been completed.
 - (2) when all of the work to be done at the site has been completed if **your** contract calls for work at more than one site.
 - (3) when that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.
 - (4) work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete will be treated as completed.
- c. this hazard does not include **bodily injury** or **property damage** arising out of:
 - (1) the transportation of **property**, unless the injury or damage arises out of a condition in or on a vehicle created by the loading or unloading of it;
 - (2) the existence of tools, uninstalled equipment or abandoned or unused materials; or
 - (3) products or operations for which the classification in this Coverage Part or in **our** manual of rules includes products or completed operations.

23. **Property damage -**

- 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 **intentional tort** that caused it.

24. **Suit -** a legal proceeding to which this Coverage Form applies. **Suit** includes:

- a. an arbitration proceeding in which such **damages** are **claimed** and to which **you** must submit or do submit with **our** consent; or
- b. any other alternative dispute resolution proceeding in which such **damages** are **claimed** and to which **you** submit with **our** consent.

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25. **Temporary worker** - a person who is furnished to **you** to substitute for a permanent **employee** on leave or to meet seasonal or short-term workload conditions.
26. **Tort liability** - liability that would be imposed by law in the absence of any contract or agreement.
27. **Waste** - all **waste** including materials to be recycled, reconditioned or reclaimed.
28. **Water damage** - 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, other than an automatic sprinkler system. **Water damage** does not include the cost of repairing or replacing the system or appliance from which the water or steam escapes.
29. **Wrongful act** - any act, error, omission, neglect or breach of duty.
All **claims** arising from:
- a. a series of related acts, errors, omissions, neglects, or breaches of duty; or
 - b. multiple acts, errors, omissions, neglects, or breaches of duty alleged in the same **claim** by one or more persons; shall constitute a single **wrongful act** and shall be deemed to occur at the time of the first act, error, omission, neglect or breach of duty.
30. **Your operations** - **your** customary business activities occurring at **your premises**.
31. **Your premises** - a premises **you** own, occupy or rent.
32. **Your product** -
- 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:
- (1) warranties or representations made at any time with respect to fitness, quality, durability, performance or use of **your product**; and
 - (2) the providing 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.

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33. **Your work -**

- 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:

- (1) warranties or representations made at any time with respect to fitness, quality, durability, performance or use of **your work**; and
- (2) **the providing of or failure to provide warnings or instructions.**

AUTO COVERAGE FORM

This is **your** AUTO COVERAGE FORM. The coverages in this Coverage Form are:

Auto Coverage Form	Section I	Covered Autos
	Section II	Auto Liability Coverage
	Section III	Physical Damage Coverage
	Section IV	Auto Conditions
	Section V	Definitions

Together with the following coverages / endorsements which may apply and which, if they apply, modify this Coverage Form:

Covered Pollution Cost or Expense Broadened Coverage Form
Personal Injury Protection Coverage
Underinsured Motorist Coverage
Uninsured Motorist Coverage

AUTO COVERAGE FORM

Throughout this Coverage Form the words **you** and **your** refer to the Named **Insured** shown in the Declarations, and any other person or organization qualifying as an **insured** under this Coverage Form. 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 WHO IS AN INSURED (SECTION II, A., 1.).

Other words and phrases that appear in **bold** have special meaning. Refer to DEFINITIONS (SECTION V).

SECTION I - COVERED AUTOS

The following are the **autos** that are covered **autos**:

A. Description Of Covered Autos

1. **OWNED AUTOS ONLY.** Only those **autos you** own (and for liability coverage any **trailers you** don't own while attached to any **autos you** own). This includes those **autos you** acquire ownership of after the Policy begins.
2. **SPECIFICALLY DESCRIBED AUTOS.** Only those **autos you** reported to **us** in **your** Statement of Values (and for liability coverage any **trailers you** don't own while attached to any **auto you** own).
3. **HIRED AUTOS.** Only those **autos you** lease, hire, rent or borrow. This does not include (i) any **auto you** lease, hire, rent, or borrow from any of **your employees**, or partners, members or members of their households, or (ii) any **auto** which is seized or confiscated by any law enforcement agency for which record title has not been placed in **your** name.
4. **NONOWNED AUTOS.** Only those **autos you** do not own, lease, hire, rent or borrow that are used in connection with **your** business. This includes **autos** owned by **your** officials, executives, board members, commissioners, **employees**, volunteers, members, or members of their households but only while used in **your** business or **your** affairs. (Coverage herein for nonowned vehicles is primary, while being used in **your** business, unless otherwise provided in the Declarations.) This does not include any **auto** which is seized or confiscated by any law enforcement agency for which record title has not been placed in **your** name.

B. Owned Autos You Acquire After The Policy Begins

You have coverage for **autos** that **you** acquire for the remainder of the Policy Period so long as the value of the individual **auto** does not exceed \$100,000.00. Any **auto** valued in excess of \$100,000.00 must be reported to **us** within thirty (30) days after **you** acquire it if **you** want **us** to provide coverage for it.

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C. Certain Trailers, Mobile Equipment And Temporary Substitute Autos

If liability coverage is provided by this Coverage Form, as shown on the schedule of covered **autos**, the following types of vehicles are also covered **autos** for liability coverage:

1. **Trailers** with a load capacity of 2,000 pounds or less designed primarily for travel on public roads.
2. **Mobile equipment** while being carried or towed by a covered **auto**.
3. Any **auto you** do not own while used with the permission of its owner as a temporary substitute for a covered **auto you** own that is out of service because of its:
 - a. breakdown;
 - b. repair;
 - c. servicing;
 - d. **loss**; or
 - e. destruction.

SECTION II - AUTO LIABILITY COVERAGE

A. COVERAGE

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

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

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

1. Who Is An Insured

The following are **insureds**:

- a. **You** for any covered **auto**, **your** executives, **your** officers, or **your** supervisors, directors, board members, commissioners or **your employees** or volunteers, while using a covered **auto** within the scope of their duties for **you**.
- b. Anyone else while using with **your** permission a covered **auto you** own, hire or borrow except:
 - (1) The owner or anyone else from whom **you** hire or borrow a covered **auto**. This exception does not apply if the covered **auto** is a **trailer** connected to a covered **auto you** own.

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- (2) **Your employee** if the covered **auto** is owned by that **employee** or a member of his or her household.
 - (3) Someone using a covered **auto** while he or she is working in a business of selling, servicing, repairing, parking or storing **autos** unless that business is **yours**.
 - (4) Anyone, other than **your employees**, partners (if **you** are a partnership), members (if **you** are a limited liability company) or a lessee or borrower or any of their **employees**, while moving property to or from a covered **auto**.
 - (5) A partner (if **you** are a partnership), or a member (if **you** are a limited liability company) for a covered **auto** owned by him or her or a member of his or her household.
- c. Anyone liable for the conduct of an **insured** described above but only to the extent of that liability.

2. Coverage Extensions

a. Supplementary Payments

In addition to the Limit of Insurance, **we** will pay for the **insured**:

- (1) Up to \$2,500 for cost of bail bonds (including bonds for related traffic law violations) required because of an **accident we** cover. **We** do not have to furnish these bonds.
- (2) The cost of bonds to release attachments in any **suit** against the **insured we** defend, but only for bond amounts within **our** Limit of Insurance.
- (3) All reasonable expenses incurred by the **insured** at **our** request, including actual **loss** of earning up to \$500 a day because of time off from work.
- (4) All interest on the full amount of any judgment that accrues after entry of the judgment in any **suit** against the **insured we** defend, but **our** duty to pay interest ends when **we** have paid, offered to pay or deposited in court the part of the judgment that is within **our** Limit of Insurance.

b. Out-Of-State Coverage Extensions

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

- (1) Increase the Limit of Insurance for Liability Coverage to meet the limits specified by a compulsory or financial responsibility law of the jurisdiction where the covered **auto** is being used. This extension does not apply to the limit or limits specified by any law governing motor carriers of passengers or property.
- (2) Provide the minimum amounts and types of other coverages, such as no-fault, required of out-of-state vehicles by the jurisdiction where the covered **auto** is being used.

However **we** will not pay anyone more than once for the same elements of **loss** because of these extensions; nor will **we** be obligated for underinsured motorist or uninsured motorist coverage which is different than that required by the Terms of this Auto Coverage Form, including applicable endorsements, if any, and Kentucky law.

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B. EXCLUSIONS

This insurance does not apply to any **suit** or **claim** for damages, whether direct or consequential, or any cause of action which is covered under any other Coverage Form of this Policy. This insurance also does not apply to any of the following:

1. Expected Or Intended Injury

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

2. Contractual Liability

Liability assumed under any contract or agreement.

But this exclusion does not apply to liability for damages:

- a. assumed in a contract or agreement that is an **insured contract** provided the **bodily injury** or **property damage** occurs subsequent to the execution of the contract or agreement; or
- b. that the **insured** would have in the absence of the contract or agreement.

3. Workers' Compensation

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

4. Employee Indemnification And Employer's Liability

Bodily injury to:

- a. an **employee** of the **insured** arising out of and in the course of:
 - (1) employment by the **insured**; or
 - (2) performing the duties related to the conduct of the **insured's** business; or
- b. the spouse, child, parent, brother or sister of that **employee** as a consequence of paragraph a. above.
- c. Any volunteer firefighter or other volunteer worker of the **insured** if sustained while such person is using or maintaining a covered **auto** or is otherwise engaged in other volunteer firefighting, rescue squad or ambulance corps operations of the **insured**.

This exclusion applies:

- (1) whether the **insured** may be liable as an employer or in any other capacity; and
- (2) to any obligation to share damages with or repay someone else who must pay damages because of the injury.

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

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5. Fellow Employee Or Volunteer

Bodily injury to any fellow **employee**, or fellow volunteer firefighter or other volunteer worker of the **insured** arising out of and in the course of the fellow **employee's** employment or while performing duties related to the conduct of **your** business, or in the course of volunteer firefighting, rescue squad or ambulance corps operations.

6. Care, Custody Or Control

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

7. Handling Of Property

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

- a. before it is moved from the place where it is accepted by the **insured** for movement into or onto the covered **auto**; or
- b. after it is moved from the covered **auto** to the place where it is finally delivered by the **insured**.

8. Movement Of Property By Mechanical Device

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

9. Operations

Bodily injury or **property damage** arising out of the operation of any equipment listed in paragraphs f.(2) and f.(3) of the definition of **mobile equipment**.

10. Completed Operations

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

In this exclusion, **your work** means:

- a. work or operations performed by **you** or on **your** behalf; and
- b. materials, parts or equipment furnished in connection with such work or operations.

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

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

- (1) when all of the work called for in your contract has been completed.
- (2) when all of the work to be done at the site has been completed if your contract calls for work at more than one site.

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

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

11. Pollution

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

- a. for which liability has been assumed by **you** under any contract or agreement whether or not such contract or agreement would otherwise be an **insured contract** or which **you** would have in the absence of the contract or agreement;
- b. onto or about the property of any third party, **insured**, private party or state, local or federal governmental agency or instrumentality;
- c. that are, or that are contained in, any property that is:
 - (1) being transported or towed by, handled, or handled for movement into, onto or from, the covered **auto**;
 - (2) otherwise in the course of transit by or on behalf of the **insured**; or
 - (3) being stored, disposed of, treated or processed in or upon the covered **auto**;
- d. before the **pollutants** or any property in which the **pollutants** are contained are moved from the place where they are accepted by the **insured** for movement into or onto the covered **auto**; or
- e. after the **pollutants** or any property in which the **pollutants** are contained are moved from the covered **auto** to the place where they are finally delivered, disposed of or abandoned by the **insured**.

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

- (1) the **pollutants** escape, seep, migrate, or are discharged, dispersed or released directly from an **auto** part designed by its manufacturer to hold, store, receive or dispose of such **pollutants**; and
- (2) the **bodily injury, property damage or covered pollution cost or expense** does not arise out of the operation of any equipment listed in paragraphs f.2. and f.3. of the definition of **mobile equipment**.

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

- (1) the **pollutants** or any property in which the **pollutants** are contained are upset, overturned or damaged as a result of the maintenance or use of a covered **auto**; and
- (2) the discharge, dispersal, seepage, migration, release or escape of the **pollutants** is caused directly by such upset, overturn or damage.

12. War

Bodily injury or property damage due to war, whether or not declared, or any act or condition incident to **war**. **War** includes civil war, insurrection, rebellion or

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revolution. This exclusion applies only to liability assumed under a contract or agreement.

13. Racing

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

14. Autos Garaged Outside the Commonwealth of Kentucky

Covered **autos** which are principally garaged outside of the Commonwealth of Kentucky.

15. Punitive Damages and Attorneys' Fees

A **claim** or judgment, or any part thereof, for punitive damages, attorneys' fees, and/or court costs.

16. Administrative Actions

Bodily injury or **property** damage arising out of or in any way connected with the actions of any administrative board, by whatever name called, acting as a body in its official capacity and arising out of any of the following by whatever name called:

- (1) eminent domain; or
- (2) land use planning; or
- (3) municipal zoning; or
- (4) condemnation; or
- (5) inverse or reverse condemnation; or
- (6) adverse possession or dedication by adverse use.

C. LIMIT OF INSURANCE

Regardless of the number of covered **autos, insureds**, vehicles or premiums shown in the Declarations, **claims** made or vehicles involved in the **accident**, the most **we** will pay for the total of all damages and **covered pollution cost or expense** combined, resulting from any one **accident** to or on behalf of an **insured** is the Limit of Insurance for Auto Liability Coverage shown in the Declarations. Subject to this maximum Limit of Insurance for all damages, the most **we** will pay to or on behalf of an **insured** for all damages sustained in such **accident** is that **insured's** pro rata share of this Limit of Insurance.

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

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

SECTION III - PHYSICAL DAMAGE COVERAGE

A. COVERAGE

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

a. Comprehensive Coverage

From any cause except:

- (1) the covered **auto's** collision with another object; or
- (2) the covered **auto's** overturn.

b. Specified Causes Of Loss Coverage

Caused by:

- (1) fire, lightning or explosion;
- (2) theft;
- (3) windstorm, hail or earthquake;
- (4) flood;
- (5) mischief or vandalism; or
- (6) the sinking, burning, collision or derailment of any conveyance transporting the covered **auto**.

c. Collision Coverage

Caused by:

- (1) the covered **auto's** collision with another object; or
- (2) the covered **auto's** overturn.

2. Towing

We will pay for towing and labor costs incurred up to the maximum amount of \$100.00 each time a covered **auto** of the private passenger type is disabled. However, the labor must be performed at the place of disablement.

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

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

- (1) glass breakage;
- (2) **loss** caused by hitting a bird or animal; and
- (3) **loss** caused by falling objects or missiles.

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

4. Coverage Extension

We will pay up to \$35 per day to a maximum of \$750 for temporary transportation expense incurred by **you** because of the total theft of a covered **auto** of the private

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passenger type which is owned by **you**. **We** will pay for temporary transportation expenses incurred during the period beginning immediately after discovery of the theft and ending, regardless of the Policy's expiration, when the covered **auto** is returned to use or **we** pay for its **loss**. **We** will pay up to \$35 per day to a maximum of \$750 for temporary transportation expense incurred by **you** because of damage to a covered **auto** of the private passenger type owned by an **insured** and damaged during an **accident** which occurred in the course of official business.

B. EXCLUSIONS

1. This insurance does not apply to any **suit** or **claim** for damages, whether direct or consequential, or any cause of action which is covered under any other Coverage Form of this Policy. **We** will not pay for **loss** caused by or resulting from any of the following. Such **loss** is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the **loss**.
 - a. Nuclear Hazard
 - (1) The explosion of any weapon employing atomic fission or fusion; or
 - (2) Nuclear reaction or radiation, or radioactive contamination, however caused.
 - b. War Or Military Action
 - (1) War, including undeclared or civil war;
 - (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
 - (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.
2. **We** will not pay for **loss** to any covered **auto** while used in any professional or organized racing or demolition contest or stunting activity, or while practicing for such contest or activity. **We** will also not pay for **loss** to any covered **auto** while that covered **auto** is being prepared for such a contest or activity.
3. **We** will not pay for **loss** caused by or resulting from any of the following unless caused by other **loss** that is covered by this insurance:
 - a. wear and tear, freezing, mechanical or electrical breakdown; or
 - b. blowouts, punctures or other road damage to tires.
4. **We** will not pay for **loss** to any of the following:
 - a. Tapes, records, discs or other similar audio, visual or data electronic devices designed for use with audio, visual or data electronic equipment.
 - b. Any device designed or used to detect speed measuring equipment such as radar or laser detectors and any jamming apparatus intended to elude or disrupt speed measurement equipment.

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- c. Any electronic equipment, without regard to whether this equipment is permanently installed, that receives or transmits audio, visual or data signals and that is not designed solely for the reproduction of sound.
- d. Any accessories used with the electronic equipment described in paragraph c. above.

Exclusions 4.c. and 4.d. do not apply to:

- (1) equipment designed solely for the reproduction of sound and accessories used with such equipment, provided such equipment is permanently installed in the covered **auto** at the time of the **loss** or such equipment is removable from a housing unit which is permanently installed in the covered **auto** at the time of the **loss**, and such equipment is designed to be solely operated by use of the power from the **auto's** electrical system, in or upon the covered **auto**; or
- (2) any other electronic equipment that is:
 - (a) necessary for the normal operation of the covered **auto** or the monitoring of the covered **auto's** operating system; or
 - (b) an integral part of the same unit housing any sound reproducing equipment described in a. above and permanently installed in the opening of the dash or console of the covered **auto** normally used by the manufacturer for installation of a radio.

Exclusions 4.b. and 4.c. and 4.d. do not apply to any equipment that is installed in a covered **auto** which is:

- (1) owned by a police or fire department;
- (2) equipped as an emergency vehicle and owned by a governmental body or any of its agencies; or
- (3) equipped as an emergency vehicle and owned by a volunteer fire department, volunteer rescue squad or volunteer ambulance corps.

C. LIMIT OF INSURANCE

- 1. The most **we** will pay for **loss** in any one **accident** is the lesser of:
 - a. the actual cash value of the damaged or stolen property immediately prior to the **loss**; or
 - b. the cost of repairing or replacing the damaged or stolen property with other property of like kind and quality.
- 2. An adjustment for depreciation and physical condition will be made in determining actual cash value in the event of a total **loss**.
- 3. If a repair or replacement results in better than like kind or quality, **we** will not pay for the amount of the betterment.
- 4. The most **we** will pay for fire trucks, ambulances and vehicles scheduled to this Policy as Stated Value is the cost of repair or replacing the damaged or stolen vehicle up to the Stated Value of that vehicle. The Stated Value of a vehicle includes all attached equipment.

If the vehicle is a total loss, we will pay the lesser of:

- a. the Stated Value of that vehicle; or

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- b. for a replacement vehicle of like kind and quality.
If there is no Stated Value for any fire truck, ambulance or vehicle scheduled to this Policy, the most we will pay for any such truck, ambulance or vehicle is the actual cash value for such fire truck, ambulance or vehicle as of the time of the **loss**.

D. DEDUCTIBLE

For each covered **auto**, **our** obligation to pay for, repair, return or replace damaged or stolen property will be reduced by the applicable deductible shown in the Declarations. **You** agree to be responsible for the applicable deductible shown in the Declarations for each covered **auto**. Any Comprehensive Coverage deductible shown in the Declarations does not apply to **loss** caused by fire or lightning.

No deductible applies to **loss** to:

1. Glass used in the windshield, doors and windows of the covered **auto**; and
2. Glass, plastic or any other material used in lights of the covered **auto** required on an **auto** by Chapter 189 of the Kentucky Revised Statutes.

SECTION IV - AUTO CONDITIONS

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

A. LOSS CONDITIONS

1. Appraisal For Physical Damage Loss

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

- a. pay its chosen appraiser; and
- b. bear the other expenses of the appraisal and umpire equally.

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

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

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

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

- (1) how, when and where the **accident** or **loss** occurred;
- (2) the **insured's** name and address; and
- (3) to the extent possible, the names and addresses of any injured persons and witnesses.

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

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- (1) Assume no obligation, make no payment, settlement or incur no expense without **our** consent, except at the **insured's** own cost.
 - (2) Immediately send **us** copies of any request, demand, order, notice, summons or legal paper received concerning the **claim** or **suit**.
 - (3) Cooperate with **us** in the investigation or settlement of the **claim** or defense against the **suit**.
 - (4) Authorize **us** to obtain medical records or other pertinent information.
 - (5) Submit to examination, at **our** expense, by physicians of **our** choice, as often as **we** reasonably require.
- c. If there is **loss** to a covered **auto** or its equipment **you** must also do the following:
- (1) Promptly notify the police if the covered **auto** or any of its equipment is stolen.
 - (2) Take all reasonable steps to protect the covered **auto** from further damage. Also keep a record of **your** expenses for consideration in the settlement of the **claim**.
 - (3) Permit **us** to inspect the covered **auto** and records proving the **loss** before its repair or disposition.
 - (4) Agree to examinations under oath at **our** request and give **us** a signed statement of **your** answers.

3. Legal Action Against Us

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

- a. there has been full compliance with all the terms of this Coverage Form; and
- b. under Auto Liability Coverage, **we** agree in writing that the **insured** has an obligation to pay or until the amount of that obligation has finally been determined by judgment after trial. Venue for any **suit** or legal action brought by **you** against **us** or by **us** against **you** concerning **our** duties and obligations to **you** hereunder or otherwise by operation of law shall only be commenced in the courts of the Commonwealth of Kentucky sitting in Franklin County, Kentucky. Any **suit** or legal action brought by **you** against **us** must be commenced within twelve (12) months of the date that the amount of the **claim** against **you** has been determined or agreed upon. Nothing in this Policy gives any person or organization the right to join **us** as a party to a **suit** to determine the **insured's** liability.

4. Loss Payment - Physical Damage Coverages

At **our** option **we** may:

- a. pay for, repair or replace damaged or stolen property;
- b. return the stolen property, at **our** expense. **We** will pay for any damage that results to the **auto** from the theft; or
- c. take all or any part of the damaged or stolen property at an agreed or appraised value.

5. Transfer Of Rights Of Recovery Against Others To Us

If any person or organization to or for whom **we** make payment under this Coverage Form has rights to recover damages from another, those rights are transferred to us.

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That person or organization must do everything necessary to secure **our** rights and must do nothing after the **accident** or **loss** to impair them.

B. AUTO CONDITIONS

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

1. Bankruptcy

If **you** or **your** estate becomes bankrupt or insolvent, **we** will still be bound by the provisions of this Coverage Form.

2. Concealment, Misrepresentation Or Fraud

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

- a. this Coverage Form;
- b. the covered **auto**;
- c. **your** interest in the covered **auto**; or
- d. a **claim** under this Coverage Form.

3. No Benefit To Bailee - Physical Damage Coverages

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

4. Other Insurance

a. For any covered **auto you** own this Coverage Form provides primary insurance. For any covered **auto you** don't own, while being used in connection with **your** business, the insurance provided by this Coverage Form is primary unless indicated otherwise in the Declarations. For any other covered **auto you** don't own, the insurance provided by this Coverage Form is excess over any other collectible insurance. However, while a covered **auto** which is a **trailer** is connected to another vehicle, the Liability Coverage this Coverage Form provides for the **trailer** is:

- (1) excess while it is connected to a motor vehicle **you** do not own; and
 - (2) primary while it is connected to a covered **auto you** own.
- b. For Hired **Auto** Physical Damage coverage, any covered **auto you** lease, hire, rent or borrow is deemed to be a covered **auto you** own. However, any **auto** that is leased, hired, rented or borrowed with a driver is not a covered **auto**.
- c. Regardless of the provisions of paragraph a. above, this Coverage Form's Liability Coverage is primary for any liability assumed under an **insured contract**.
- d. When this Coverage Form and any other Coverage Form or Policy covers on the same basis, either excess or primary, **we** will pay only **our** share. **Our** share is the proportion that the Limit of Insurance of **our** Coverage Form bears to the

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total of the limits of all the Coverage Forms and policies covering on the same basis.

5. Policy Period, Coverage Territory

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

- a. during the Policy Period shown in the Declarations; and
- b. within the coverage territory.

The coverage territory is:

- (1) the United States of America;
- (2) the territories and possessions of the United States of America;
- (3) Puerto Rico; and
- (4) Canada

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

6. Two Or More Coverage Forms Or Policies Issued By Us

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

7. Transfer of Rights of Recovery Against Others To Us

Any person to whom or for whom **we** make payment must transfer to **us** his or her rights of recovery against any other party. This person must do everything needed to secure and preserve these rights. He or she must do nothing after the **loss** that would jeopardize them.

8. Settlement

We may settle any **claim** or **suit** in **our** discretion.

SECTION V - DEFINITIONS

1. **Accident** - includes continuous or repeated exposure to the same conditions resulting in **bodily injury** or **property damage**.
2. **Auto** - a land motor vehicle, **trailer** or semitrailer designed for travel on public roads but does not include **mobile equipment**.
3. **Bodily injury - bodily injury**, sickness or disease sustained by a person including death resulting from any of these.
4. **Claim** -
 - a. a **suit**; or

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- b. a written demand or written notice made by or for the injured person for damages because of alleged injury or stating the intent to hold an **insured** liable for damages.

5. **Covered pollution cost or expense** - any cost or expense, up to the maximum aggregate amount of \$25,000 per **accident**, arising out of:

- a. any request, demand, rule or order; or
- b. any **claim** or **suit**;

by or on behalf of a governmental authority demanding that the **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**.

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

- (1) onto or about **your** property and/or property of any third party, **insured**, private party, or state, local or federal governmental agency or instrumentality; or
- (2) that are, or that are contained in, any property that is:
 - (a) being transported or towed by, handled, or handled for movement into, onto or from the covered **auto**;
 - (b) otherwise in the course of transit by or on behalf of the **insured**;
 - (c) being stored, disposed of, treated or processed in or upon the covered **auto**;or
- (3) before the **pollutants** or any property in which the **pollutants** are contained are moved from the place where they are accepted by the **insured** for movement into or onto the covered **auto**; or
- (4) after the **pollutants** or any property in which the **pollutants** are contained are moved from the covered **auto** to the place where they are finally delivered, disposed of or abandoned by the **insured**.

Paragraphs (1) and (2) above do not apply to fuels, lubricants, fluids, exhaust gases or other similar **pollutants** that are needed for or result from the normal electrical, hydraulic or mechanical functioning of the covered **auto** or its parts, if:

- a. the **pollutants** escape, seep, migrate, or are discharged, dispersed or released directly from an **auto** part designed by its manufacturer to hold, store, receive or dispose of such **pollutants**; and
- b. the **bodily injury, property damage** or **covered pollution cost or expense** does not arise out of the operation of any equipment listed in paragraphs f.(2) or f.(3) of the definition of **mobile equipment**.

6. **Employee** - includes a **leased worker**. **Employee** does not include a **temporary worker**.

7. **Insured** - any person or organization qualifying as an **insured** in the **Who Is An Insured** provision of the applicable coverage.

Except with respect to the Limit of Insurance, the coverage afforded applies separately to each **insured** who is seeking coverage or against whom a **claim** or **suit** is brought.

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8. **Insured contract** -
- a. a lease of premises;
 - 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. that part of any other contract or agreement pertaining to **your** business (including an indemnification of a municipality in connection with work performed for a municipality) under which **you** assume the tort liability of another to pay for **bodily injury** or **property damage** to a third party or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement;
 - f. that part of any contract or agreement entered into, as part of **your** business, pertaining to the rental or lease, by **you** or any of **your employees**, of any **auto**. However, such contract or agreement shall not be considered an **insured contract** to the extent that it obligates **you** or any of **your employees** to pay for **property damage** to any **auto** rented or leased by **you** or any of **your employees**.

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

- (1) that indemnifies any person or organization for **bodily injury** or **property damage** arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing; or
 - (2) that pertains to the loan, lease or rental of an **auto** to **you** or any of **your employees**, if the **auto** is loaned, leased or rented with a driver; or
 - (3) that holds a person or organization engaged in the business of transporting property by **auto** for hire harmless for **your** use of a covered **auto** over a route or territory that person or organization is authorized to serve by public authority.
9. **Leased worker** - 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**.
10. **Loss** - direct and accidental loss or damage.
11. **Mobile equipment** - any of the following types of land vehicles, including any attached machinery or equipment:
- a. bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
 - b. vehicles maintained for use solely on or next to premises **you** own or rent;
 - c. vehicles that travel on crawler treads;
 - d. vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - (1) power cranes, shovels, loaders, diggers or drills; or
 - (2) road construction or resurfacing equipment such as graders, scrapers or rollers.

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- e. vehicles not described in paragraphs 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 paragraphs a., b., c., d. or e. 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 an **auto** 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 or well servicing equipment.

However, vehicles not described in a. through f. above which are designed for travel on public roads but not licensed are not **mobile equipment**.
12. **Pollutants** - 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**.
13. **Property damage** – physical damage to or **loss** of use of tangible property.
14. **Suit** - a civil or administrative proceeding in which:
 - a. damages because of **bodily injury** or **property damage**, or
 - b. a **covered pollution cost or expense**; to which this insurance applies, are alleged.

Suit includes:

 - (1) an arbitration proceeding in which such damages or **covered pollution costs or expenses** are **claimed** and to which the **insured** must submit or does submit with **our** consent; or
 - (2) any other alternative dispute resolution proceeding in which such damages or **covered pollution costs or expenses** are **claimed** and to which the **insured** submits with **our** consent.
15. **Temporary worker** - a person who is furnished to **you** to substitute for a permanent **employee** on leave or to meet seasonal or short-term workload conditions.
16. **Trailer** - includes semitrailer.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**COVERED POLLUTION COST OR EXPENSES
BROADENED COVERAGE FOR COVERED AUTOS**

This endorsement modifies the insurance provided under the AUTO COVERAGE FORM. With respect to the coverage provided by this endorsement, all provisions of the Coverage Form apply, unless modified by this endorsement.

SECTION V – DEFINITIONS, numerical paragraph 5 of the Auto Coverage Form is deleted and replaced with the following:

5. **Covered pollution cost or expense** - any cost or expense, up to the maximum aggregate amount of \$50,000 per **accident**, arising out of:
- a. any request, demand, rule or order; or
 - b. any **claim** or **suit**;

by or on behalf of a governmental authority demanding that the **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**.

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

- (1) onto or about **your** property and/or the property of any third party, **insured**, private party, or state, local or federal governmental agency or instrumentality; or
- (2) before the **pollutants** or any property in which the **pollutants** are contained are moved from the place where they are accepted by the **insured** for movement into or onto the covered **auto**; or
- (3) after the **pollutants** or any property in which the **pollutants** are contained are moved from the covered **auto** to the place where they are finally delivered, disposed of or abandoned by the **insured**.

Paragraphs (1) and (2) above do not apply to **accidents** that occur away from premises owned by or rented to an **insured** with respect to **pollutants** not in or upon a covered **auto** if:

- a. the **pollutants** or any property in which the **pollutants** are contained are upset, overturned or damaged as a result of the maintenance or use of a covered **auto**; and
- b. the discharge, dispersal, seepage, migration, release or escape of the **pollutants** is caused directly by such upset, overturn or damage.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SEIZED OR CONFISCATED AUTOS

This endorsement modifies the insurance provided under the AUTO COVERAGE FORM. With respect to the coverage provided by this endorsement, all provisions of the Coverage Form apply, unless modified by this endorsement.

Under **SECTION I - COVERED AUTOS**, the additional language is added.

5. **SEIZED OR CONFISCATED AUTOS.** Any **auto** that is seized or confiscated by any law enforcement agency for which record title has not been placed in **your** name is covered only to the extent stated in SECTION III – PHYSICAL DAMAGE COVERAGE.

Under **SECTION III – PHYSICAL DAMAGE COVERAGE** and **A. COVERAGE** the following additional language is added.

5. Additional Coverage

We will pay for **loss**, including due to theft, to an **auto** that is seized or confiscated by any law enforcement agency for which record title has not been placed in **your** name if the **loss** occurs while the **auto** is in **your** care, custody or control and stored at a secure location.

Regardless of the number of **autos** seized or confiscated, the most **we** will pay for all damage to seized or confiscated **autos** resulting from any **loss** from any one **accident** is the maximum aggregate amount of \$100,000.

ENDORSEMENT TO AUTO COVERAGE FORM OF POLICY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following coverage document(s):

AUTO COVERAGE FORM

The following language is added as Paragraphs 5. and 6. Respectively, of Subsection A.
Description of Covered Autos of **SECTION I - COVERED AUTOS**:

5. Notwithstanding anything contained in Paragraphs 1 through 4 above, no Automobile which is owned by **you** and listed on another policy of insurance shall be covered under this policy.
6. Notwithstanding anything contained in Paragraphs 3 and 4 above, no vehicle owned by an EMT, paramedic or ambulance services professional working for, on behalf of or under the supervision or direction of a person or entity other than **you** shall be covered under this policy.

NEW CAR REPLACEMENT ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This Endorsement modifies insurance provided under the AUTO COVERAGE FORM. With respect to the coverage provided by this Endorsement, the provisions of the Auto Coverage Form apply unless modified by this or subsequent endorsement.

The language below is added to Subsection C. LIMIT OF INSURANCE of SECTION III - PHYSICAL DAMAGE COVERAGE as a new Paragraph 5:

5. Notwithstanding the foregoing provisions of this Section C. paragraphs 1 through 4 above, in the event of the total loss of a vehicle which is owned by the **Named Insured**, has been driven less than 40,000 miles, and which loss occurs on or before December 31 of the year following the model year of the vehicle, we will either pay to replace the vehicle with a new vehicle of like kind and quality up to a maximum total cost, including equipment, of \$100,000 or pay the actual cash value of the damaged or stolen vehicle.

UNDERINSURED MOTORISTS COVERAGE ENDORSEMENT

Limit of Insurance
\$60,000 Each Accident

This Endorsement modifies insurance provided under the AUTO COVERAGE FORM. With respect to the coverage provided by this Endorsement, the provisions of the Auto Coverage Form apply unless modified by subsequent endorsement.

A. COVERAGE

1. We will pay all sums the **insured** is legally entitled to recover as compensatory damages from the owner or driver of an **underinsured motor vehicle**. The damages must result from **bodily injury** sustained by the **insured** caused by an **accident**. The owner's or driver's liability for these damages must result from the ownership, maintenance or use of the **underinsured motor vehicle**.
2. Any judgment for damages arising out of a **suit** brought without **our** written consent is not binding on **us**.

B. WHO IS AN INSURED

The following are **insureds**:

1. **You**, for any covered **auto**.
2. Anyone while using or occupying with permission in the course of **your** business a covered **auto**, **you** own, hire or borrow.
3. Anyone for damages he or she is entitled to recover because of **bodily injury** sustained by another **insured**.

C. EXCLUSIONS

This insurance does not apply to any of the following:

1. Any claim settled without **our** consent.
2. The direct or indirect benefit of any insurer or self-insurer under any workers' compensation, disability benefits or similar law.
3. **Bodily injury** sustained by an **insured** while **occupying** or struck by any vehicle owned by **you** or any **family member** that is not a covered **auto**.
4. Anyone using a vehicle without a reasonable belief that the person is entitled to do so.
5. Punitive or exemplary damages.

D. LIMIT OF INSURANCE

1. Regardless of the number of covered **autos, insureds**, vehicles or premiums shown in the Declarations, or claims made or vehicles involved in the **accident**, the most **we** will pay for all damages resulting from any one **accident** is \$60,000. Subject to this maximum Limit of Insurance for damages, the most **we** will pay for all damages sustained in such **accident** to or on behalf of an **insured** is that **insured's** prorata share of \$60,000.
2. No one will be entitled to receive duplicate payments for the same elements of **loss** under this Endorsement, the Auto Coverage Form or any Liability Coverage Form, Medical Payments Coverage or Uninsured Motorists Coverage.
3. **We** will not make a duplicate payment under this Coverage for any element of **loss** for which payment has been made by or for anyone who is legally responsible.
4. **We** will not pay for any element of **loss** if a person is entitled to receive payment for the same element of **loss** under any workers' compensation, disability benefits or similar law.

E. CHANGES IN CONDITIONS

The CONDITIONS in the AUTO COVERAGE FORM are changed for UNDERINSURED MOTORISTS COVERAGE as follows:

1. The reference in OTHER INSURANCE in the Auto Coverage Form to "other collectible insurance" applies only to other collectible underinsured motorists insurance.
2. DUTIES IN THE EVENT OF ACCIDENT, CLAIM, SUIT OR LOSS is changed by adding the following:

A person seeking Underinsured Motorists Coverage must also promptly notify **us** in writing of a tentative settlement between the **insured** and the insurer of the **underinsured motor vehicle** and allow **us** to advance payment to that **insured** in an amount equal to the tentative settlement within 30 days after receipt of notification to preserve **our** rights against the insurer, owner or operator of such **underinsured motor vehicle**.

3. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US does not apply.
4. The following Condition is added:

ARBITRATION

- a. If **we** and an **insured** disagree whether the **insured** is legally entitled to recover damages from the owner or driver of an **underinsured motor vehicle** or do not agree as to the amount of damages that are recoverable by that **insured**, then the matter may be arbitrated. However, disputes concerning coverage under this endorsement may not be arbitrated. Either party may make a written demand for arbitration. In this event, each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within 30 days, either may request that selection

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be made by a judge of a court having jurisdiction. Each party will pay the expenses it incurs and bear the expenses of the third arbitrator equally.

- b. Unless both parties agree otherwise, arbitration will take place in the county in which the **insured** lives. Local rules of law as to arbitration procedure and evidence will apply. A decision agreed to by two of the arbitrators will be binding.
- c. The **insured** shall not be required to arbitrate disputed claims.

F. ADDITIONAL DEFINITIONS

As used this coverage:

- 1. **Occupying** means in, upon, getting in, on, out or off.
- 2. **Underinsured motor vehicle** means a land motor vehicle or trailer to which a liability bond or policy applies at the time of an **accident**, but the amount paid for bodily injury under that bond or policy to the **insured** is not enough to pay the full amount the **insured** is legally entitled to recover as damages.

However, **underinsured motor vehicle** does not include any vehicle:

- a. Owned or operated by a self-insurer under any applicable motor vehicle law, except a self-insurer who is or becomes insolvent and cannot provide the amounts required by that motor vehicle law;
 - b. Owned by a governmental unit or agency; or
 - c. Designed for use mainly off public roads and not covered by Kentucky Revised Statutes Chapter 304, Subtitle 39;
 - d. To which a bodily injury liability bond or policy applies at the time of the accident but its limit for **bodily injury** liability is less than the minimum limit for **bodily injury** liability specified by the financial responsibility law of the state in which the covered **auto** is principally garaged.
- 3. **Family member** means a person related to an insured by blood, marriage or adoption who is a resident of the **insured**'s household, including a ward or foster child.

UNINSURED MOTORIST COVERAGE ENDORSEMENT

Limit of Insurance
\$60,000.00 Each Accident

This Endorsement modifies insurance provided under the AUTO COVERAGE FORM. With respect to the coverage provided by this Endorsement, the provisions of the Auto Coverage Form apply unless modified by subsequent endorsement.

A. COVERAGE

1. We will pay all sums the **insured** is legally entitled to recover as compensatory damages from the owner or driver of an **uninsured motor vehicle**. The damages must result from **bodily injury** sustained by the **insured** caused by an **accident**. The owner's or driver's liability for these damages must result from the ownership, maintenance or use of the **uninsured motor vehicle**.
2. Any judgment for damages arising out of a **suit** brought without **our** written consent is not binding on **us**.

B. WHO IS AN INSURED

The following are **insureds**:

1. **You**, for any covered **auto**.
2. Anyone while using or occupying with **your** permission in the course of **your** business a covered **auto**, **you** own, hire or borrow.
3. Anyone for damages he or she is entitled to recover because of **bodily injury** sustained by another **insured**.

C. EXCLUSIONS

This insurance does not apply to any of the following:

1. Any claim settled without **our** consent.
2. The direct or indirect benefit of any insurer or self-insurer under any workers' compensation, disability benefits or similar law.
3. **Bodily injury** sustained by an **insured** while **occupying** or struck by any vehicle owned by the **insured** or any **family member** of the **insured** that is not a covered **auto**.
4. Anyone using a vehicle without a reasonable belief that the person is entitled to do so.
5. Punitive or exemplary damages.

D. LIMIT OF INSURANCE

1. Regardless of the number of covered **autos, insureds**, vehicles or premiums shown in the Declarations, or claims made, or vehicles involved in the **accident**, the most **we** will pay for all damages resulting from any one **accident**, is \$60,000. Subject to this maximum Limit of Insurance for all damages, the most **we** will pay for all damages sustained in such **accident** to or on behalf of an **insured** is that **insured's** prorata share of \$60,000.
2. If the **bodily injury** is sustained by any **insured**, in an **accident**, the limit of liability of \$60,000 is **our** maximum limit of liability for all damages resulting from any such **accident**.
3. No one will be entitled to receive duplicate payments for the same elements of **loss** under this Endorsement, the Auto Coverage Form or any Liability Coverage, Medical Payments Coverage or Underinsured Motorists Coverage.
4. **We** will not make a duplicate payment under this Coverage for any element of **loss** for which payment has been made by or for anyone who is legally responsible.
5. **We** will not pay for any element of **loss** if a person is entitled to receive payment for the same element of **loss** under any workers' compensation, disability benefits or similar law.

E. CHANGES IN CONDITIONS

The CONDITIONS in the AUTO COVERAGE FORM apply to this coverage with modifications for UNINSURED MOTORISTS COVERAGE as follows:

1. The reference in the OTHER INSURANCE Condition in the Auto Coverage Form to “other collectible insurance” applies only to other collectible uninsured motorists insurance.
2. DUTIES IN THE EVENT OF ACCIDENT, CLAIM, SUIT OR LOSS is changed by adding the following:
 - a. promptly notify the police if a hit-and-run driver is involved, and
 - b. promptly send **us** copies of the legal papers if a **suit** is brought.
3. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US is changed by adding the following:

If **we** make any payment and the **insured** recovers from another party, the **insured** shall hold the proceeds in trust for **us** and pay **us** back the amount **we** have paid.

In any recovery, **we** will be entitled to payment only after the **insured** has been fully compensated.

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4. The following Conditions are added:

ARBITRATION

- a. If **we** and an **insured** disagree whether the **insured** is legally entitled to recover damages from the owner or driver of an **uninsured motor vehicle** or do not agree as to the amount of damages that are recoverable by that **insured**, then the matter may be arbitrated. However, disputes concerning coverage under this endorsement may not be arbitrated. Either party may make a written demand for arbitration. In this event, each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within 30 days, either may request that selection be made by a judge of a court having jurisdiction. Each party will pay the expenses it incurs and bear the expense of the third arbitrator equally.
- b. Unless both parties agree otherwise, arbitration will take place in the county in which the **insured** lives. Local rules of law as to arbitration procedure and evidence will apply. A decision agreed to by two of the arbitrators will be binding.
- c. The **insured** will not be required to arbitrate disputed claims.

F. ADDITIONAL DEFINITIONS

As used in this coverage:

1. **Occupying** means in, upon, getting in, on, out or off.
2. **Uninsured motor vehicle** means a land motor vehicle or trailer:
 - a. For which no liability bond or policy at the time of an **accident** provides at least the amounts required by the applicable law where a covered **auto** is principally garaged;
 - b. For which an insuring or bonding company denies coverage or is or becomes insolvent; or
 - c. That is a hit-and-run vehicle and neither the driver nor owner can be identified. The vehicle must hit an **insured**, a covered **auto** or a vehicle an **insured** is **occupying**.

However, **uninsured motor vehicle** does not include any vehicle:

- a. Owned or operated by a self-insurer under any applicable motor vehicle law, except a self insurer who is or becomes insolvent and can not provide the amounts required by that motor vehicle law;
 - b. Owned by a governmental unit or agency; or
 - c. Designed for use mainly off public roads while not on public roads.
3. **Family member** means a person related to an insured by blood, marriage or adoption who is a resident of the insured household, including a ward or foster child.

PERSONAL INJURY PROTECTION ENDORSEMENT

This Endorsement modifies insurance provided under the AUTO COVERAGE FORM. With respect to the coverage provided by this Endorsement, the provisions of the Auto Coverage Form apply unless modified by subsequent endorsement.

A. COVERAGE

We will pay Personal Injury Protection benefits in accordance with Kentucky Revised Statutes Chapter 304, Subtitle 39 incurred with respect to **bodily injury** sustained by an **insured** and caused by an **accident** arising out of the operation, maintenance or use of a **motor vehicle** as a vehicle.

These Personal Injury Protection benefits consist of the following:

1. **Medical Expense.** Reasonable charges incurred for reasonably needed products, services, and accommodations, including those for medical care, physical rehabilitation, rehabilitative occupational training, and other remedial treatment and care, any nonmedical remedial treatment rendered in accordance with a recognized religious method of healing, and any healing arts professions of a type licensed by the Commonwealth of Kentucky, provided that medical expense shall not include that portion of a charge for a room in a hospital, clinic, convalescent or nursing home, or any other institution engaged in providing nursing care and related services, in excess of a reasonable and customary charge for semiprivate accommodations, unless intensive care is medically required.
2. **Work Loss.** Loss of income from work the **insured** would probably have performed if he or she had not been injured, and expenses reasonably incurred by him or her in obtaining services in lieu of those he or she would have performed for income, reduced by any income from substitute work actually performed by him or her.
3. **Replacement Services Loss.** Expenses reasonably incurred in obtaining ordinary and necessary services in lieu of those the **insured** would have performed, not for income, but for the benefit of himself or his family if he had not been injured.
4. **Survivor's Economic Loss.** Loss after the **insured's** death of contributions of things of economic value to his **survivors**, not including services they would have received from the **insured** had he not suffered the fatal injury, less expenses of **survivors** avoided by reason of the eligible injured person's death.
5. **Survivor's Replacement Services Loss.** Expenses reasonably incurred by **survivors** after the **insured's** death in obtaining ordinary and necessary services in lieu of those the **insured** would have performed for their benefit had he not suffered the fatal injury, less expenses of the **survivors** avoided by reason of the **insured's** death and not subtracted in calculating survivor's economic loss.
6. **Funeral Expense.** Reasonable charges incurred for expenses in any way related to funeral, cremation or burial.

B. WHO IS AN INSURED

1. The **named insured** or any **relative** who sustains **bodily injury** while **occupying** or while a **pedestrian** through being struck by any **motor vehicle**, provided that, if such person has rejected the limitation upon his tort rights pursuant to Kentucky Revised Statutes Chapter 304, Subtitle 39, he shall not be an **insured**, unless personal injury protection coverage has subsequently been purchased for such person under this policy, or
2. Any other person who sustains **bodily injury** while **occupying** or while a **pedestrian** through being struck by the **insured motor vehicle**, provided that, if such person has rejected the limitation upon his tort right pursuant to Kentucky Revised Statutes Chapter 304, Subtitle 39, he shall not be an **insured**.

C. EXCLUSIONS

We will not pay personal injury protection benefits for **bodily injury**:

1. Sustained by the **named insured** or any **relative**, who has not rejected his tort limitation pursuant to Kentucky Revised Statutes Chapter 304, Subtitle 39, while **occupying** or while a **pedestrian** through being struck by, any **motor vehicle**, other than the **insured motor vehicle**, with respect to which the security required under the Kentucky Revised Statutes Chapter 304, Subtitle 39, is in effect unless the provider of such security fails to make payment for loss within 30 days of reasonable proof of the fact and the amount of loss sustained.
2. Sustained by any person if such injury arises from his conduct within the course of a business of repairing, servicing or otherwise maintaining **motor vehicles** unless such conduct occurs off the business premises.
3. Sustained by any person arising from conduct in the course of loading or unloading any **motor vehicle** unless such conduct occurs while **occupying** such **motor vehicle**.
4. With respect to any benefits any person would otherwise be entitled to receive hereunder for **bodily injury** intentionally caused by such person or arising out of his intentionally attempting to cause **bodily injury**, and, if any person dies as a result of intentionally causing or attempting to cause **bodily injury** to himself, his survivors are not entitled to any survivor's economic loss or survivor's replacement services loss benefits.
5. Sustained by any **pedestrian**, other than the **named insured** or any **relative**, outside the Commonwealth of Kentucky.
6. Sustained by any person, other than the **named insured** or any **relative** while **occupying** a **motor vehicle** which is regularly used in the course of the business of transporting persons or property and which is one of five or more **motor vehicles** under common ownership, or a **motor vehicle** owned by a government other than the Commonwealth of Kentucky, its political subdivisions, municipal corporations, or public agencies, if the accident occurs outside the Commonwealth of Kentucky.
7. Sustained by any person arising out of the use of any **motor vehicle** while located as a residence or premises.

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8. Due to war, whether or not declared, civil war, insurrection, rebellion or revolution, or to any act or condition incident to any of the foregoing.
9. Resulting from the radioactive, toxic, explosive or other hazardous properties of nuclear material.
10. Sustained by any person while **occupying** a motorcycle, unless the Declarations indicates a premium for Motorcycle Personal Injury Protection Coverage.
11. Sustained by any person other than the **named insured** or any **relative** which arises from the operation, maintenance or use of a **motor vehicle** without a good faith belief that he or she is legally entitled to do so.

D. LIMIT OF INSURANCE

1. Regardless of the number of persons insured, policies or approved plans of self-insurance applicable premiums paid, claims made or **insured motor vehicles** to which this coverage applies, **our** liability for personal injury protection benefits with respect to **bodily injury** sustained by any one **insured** in any one **motor vehicle accident** shall not exceed \$10,000 in the aggregate, and subject to such aggregate limit:
 - a. The maximum amount payable for work loss, replacement services loss, survivor's economic loss, and survivor's replacement services loss shall not exceed \$200 per week in the aggregate prorated for any lesser period, provided that if the **insured's** earnings or work are seasonal or irregular, the weekly limit shall be equitably adjusted or apportioned on an annual basis;
 - b. The maximum amount payable for funeral expense shall not exceed \$1,000.
2. Any amount payable by **us** under the terms of this coverage shall be reduced by any applicable deductible set forth in the declarations, but only with respect to **bodily injury** sustained by the **named insured** or any **relative**, provided that, if two or more such persons sustain **bodily injury** in the same **motor vehicle accident**, such deductible applicable to all of them shall not exceed such deductible amount and such amount shall be allocated equally among them. Provided further that, a **named insured** or **relative** is entitled to receive under this coverage the difference between this deductible and a greater deductible applicable under another policy applying to personal injury protection coverage pursuant to Kentucky Revised Statutes Chapter 304, Subtitle 39.
3. In calculating loss or expense for which personal injury protection benefits are payable under this coverage, a reduction shall be made in the amount of:
 - a. All benefits or advantages a person receives or is entitled to receive from workers' compensation, unless these benefits or advantages have not been received before personal injury protection benefits are overdue or the claim is paid.
 - b. Any income tax saving resulting from benefits or advantages received for loss of income under this coverage or from like benefits or advantages received under workers'

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compensation which are not considered taxable income, provided that the maximum reduction may not exceed 15% of the loss of income and shall be in lesser amount if the claimant furnishes to **us** reasonable proof of a lower value of the income tax advantage.

E. CHANGES IN CONDITIONS

The CONDITIONS in the AUTO COVERAGE FORM apply to this coverage with modifications for PERSONAL INJURY PROTECTION as follows:

1. DUTIES IN THE EVENT OF ACCIDENT, CLAIM, SUIT OR LOSS is amended by the addition of the following:

- a. In the event of an **accident**, written notice containing particulars sufficient to identify the **insured**, and also reasonably obtainable information respecting the time, place and circumstances of the **accident** shall be given by or on behalf of each **insured** to **us** or any of its authorized agents as soon as practicable.
- b. As soon as practicable, the **insured** or someone on his behalf shall give **us** written proof of claim, under oath if required, including full particulars of the nature and extent of the **bodily injury** treatment and rehabilitation received and contemplated and such other information as may assist **us** in determining the amount due and payable. The **insured** shall submit to physical and mental examination by physicians selected by **us** when and as often as **we** may reasonably require.

2. The TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US Condition is replaced by the following:

Subject to the provisions of the Kentucky Revised statutes Chapter 304, Sub Title 39, in the event of any payment under this coverage, the Company is subrogated to the rights of the person to whom or for whose benefit such payments were made to the extent of such payments. Such person shall execute and deliver the instruments and papers and do whatever else is necessary to secure such rights. Such person shall do nothing after loss to prejudice such rights.

3. The OTHER INSURANCE Condition in the Auto Coverage Form is replaced by the following:

In the event an **insured** has other similar insurance, including approved self-insurance plans, available and applicable to the **accident**, the maximum recovery under all such insurance shall not exceed the amount which would have been payable under the provisions of the insurance providing the highest dollar limit, and the Company shall not be liable for a greater proportion of any loss to which this coverage applies than the limit of liability hereunder bears to the sum of the applicable limit of liability of this coverage and such other insurance.

4. The following CONDITIONS are added:

EXCESS COVERAGES

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- a. Any amount payable under the uninsured motorists coverage shall be excess insurance over any personal injury protection benefits paid or payable under this or any other automobile insurance policy because of **bodily injury** sustained by an **insured**.
- b. Any automobile medical payments or expense coverages afforded under this policy shall be excess insurance over any personal injury protection benefits paid or payable but for the application of a deductible under this or any other automobile insurance policy because of **bodily injury** sustained by an **insured**.

NON-DUPLICATION OF BENEFITS

No **insured** shall recover duplicate benefits for the same elements of loss under this or any similar insurance, including approved self-insurance plans.

CONSTITUTIONALITY CLAUSE

The premium for and the coverages of this Policy have been established in reliance upon the provisions of the Kentucky Revised Statutes Chapter 304, Subtitle 39. In the event a court of competent jurisdiction declares, or enters a judgment the effect of which is to render, the provisions of such statutes invalid or unenforceable in whole or in part, **we** shall have the right to recompute the premium payable for the Policy and the provisions of this endorsement shall be voidable or subject to amendment at **our** option.

NOTICE TO POLICYHOLDERS

Acceptance of the coverage described in Kentucky Revised Statutes Chapter 304, Subtitle 39, places some limitations on your right to bring **suit** for **bodily injury** KRS 304.39-060 reads in part:

- (1) Any person who registers, operates, maintains or uses a **motor vehicle** on the public roadways of this Commonwealth shall, as a condition of such registration, operation, maintenance or use of such **motor vehicle** and use of the public roadways, be deemed to have accepted the provisions of this Act, and in particular those provisions which are contained in this section.
- (2) (a) Tort liability with respect to accidents occurring in this Commonwealth and arising from the ownership, maintenance, or use of a **motor vehicle** is "abolished" for damages because of **bodily injury**, sickness or disease to the extent the basic reparation benefits provided in this Act are payable thereof, or that would be payable but for any deductible authorized by this Act, under any insurance policy or other method of security complying with the requirements of this Act, except to the extent non-economic detriment qualifies under subsection (2)(b) hereof.
- (b) In any action of tort brought against the owner, registrant, operator or occupant of a **motor vehicle** with respect to which security has been provided as required in this Act, or against any person or organization legally responsible for his acts or omissions, a plaintiff may recover damages in tort for pain, suffering, mental anguish and inconvenience because of **bodily injury**, sickness or disease arising out of the ownership, maintenance, operation or use of such **motor vehicle** only in the event that the benefits which are payable for such injury as 'medical expense' or which would be

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payable but for any exclusion or deductible authorized by this Act exceed \$1,000.00 or the injury or disease consists in whole or in part of permanent disfigurement, a fracture to a bone, a compound, comminuted, displaced or compressed fracture, loss of a body member, permanent injury within reasonable medical probability, permanent loss of bodily function or death. Any person who is entitled to receive free medical and surgical benefits shall be deemed in compliance with the requirements of this subsection upon a showing that the medical treatment received has an equivalent value of at least \$1,000.

- (c) Tort liability is not so limited for injury to a person who is not an owner, operator, maintainer or user of a **motor vehicle** within subsection (1) of this section.

- (3) Any person may refuse to consent to the limitations of his tort rights and liabilities as contained in this section. Such rejection must be in writing in a form to be prescribed by the Department of Insurance and must have been executed and filed with the Department at a time prior to any **motor vehicle** accident for which such rejection is to apply.

These are some of the exceptions to the limitations on your right to sue and are not intended to comprise a complete enumeration of all circumstances under which **suit** may be brought for **bodily injury**.

F. ADDITIONAL DEFINITIONS

As used in this endorsement:

1. **Named insured** means the person or organization named in the Declarations.
2. **Motor vehicle** means a vehicle as defined in Kentucky Revised Statutes Chapter 304, Subtitle 39.
3. **Insured motor vehicle** means a **motor vehicle** with respect to which:
 - a. The **bodily injury** liability insurance of the policy applies and for which a specific premium is charged, and
 - b. The **named insured** is required to maintain security under the provisions of Kentucky Revised Statutes Chapter 304, Subtitle 39.
4. **Occupying** means in or upon, entering into or alighting from.
5. **Pedestrian** means a person who is not **occupying a motor vehicle** at the time the injury occurs.
6. **Relative** means the spouse and any person related to the **named insured** by blood, marriage, or adoption including a minor in the custody of the **named insured**, spouse or such related person who is a resident of the same household as the **named insured**, whether or not temporarily residing elsewhere, but does not include any such person who is a **named insured** under any other policy providing the security under Kentucky Revised Statutes Chapter 304, Subtitle 39.

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7. **Survivor** means a person identified in Kentucky Revised Statutes Section 411.130 as one entitled to receive benefits by reason of the death of another person.

CYBER LIABILITY AND EXPENSE COVERAGE FORM

THIS IS CLAIMS MADE AND REPORTED COVERAGE

Throughout this Coverage Form the words **you** and **your** refer to the Named **Insured** shown in the Declarations, and any other person or organization qualifying as an **insured** under this Coverage Form. The words **we**, **us** and **our** refer to the company providing this insurance.

Other words and phrases that appear in **bold** have special meaning. Refer to DEFINITIONS (SECTION 6).

No obligation or liability to pay sums or perform acts or services is covered unless provided for under the Insuring Agreement applicable to this Coverage Form.

These coverages are subject to exclusions that restrict coverage. The amount **we** will pay is limited as described under Limits of Liability. Read the entire Policy carefully to determine rights, duties and what is and is not covered.

1. Cyber Liability and Expense Coverage Agreement

A. Third-Party Liability

- i. **We** will pay those sums **you** become legally obligated to pay as damages because of a **Cyber Security Event**. **We** will have the right and duty to defend **you** against any **Suit** seeking such damages. However, **we** will have no duty to defend **you** against any **Suit** seeking damages to which this coverage does not apply. **We** may in **our** discretion investigate any **Cyber Security Event** and settle any **Claim** that may result.

But:

- a. The amount **we** will pay for damages and **Claim Expenses** is limited as described in Section 3; and
 - b. **Our** right and duty to defend ends when the applicable limit of liability is exhausted in the payment of judgments or settlements, Regulatory Penalties, **Claims Expenses, Privacy Response Expenses, and PCI-DSS Assessments**.
- ii. This coverage applies only if:
 - a. The **Cyber Security Event** commenced on or after the Retroactive Date, if any, shown in the Declarations and before the end of the Coverage Period;

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- b. A **Claim** for damages because of the **Cyber Security Event** is first made against **you** during the Coverage Period or any Extended Reporting Period provided under Section 7; and
 - c. **You** give written notice of the **Claim** to **us** in accordance with Section 4.
- iii. A **Claim** seeking damages will be deemed to have been made when notice of the **Claim** is received by **you** or by **us**, whichever occurs first.

B. Privacy Response Expenses

- i. **We** will pay for **Privacy Response Expenses** incurred by **you** in connection with a **Cyber Security Event** that results in the actual or reasonably suspected theft, loss or unauthorized disclosure of or access to **Personal Information**.

But the amount **we** will pay for Privacy Responses Expenses is limited as described in Section 3.

- ii. This coverage applies only if:
 - a. The **Cyber Security Event** commenced on or after the Retroactive Date, if any, shown in the Declarations and before the end of the Coverage Period; and
 - b. **You** give written notice of the **Cyber Security Event** to **us** in accordance with Section 4.

C. Regulatory Proceedings and Penalties

- i. **We** will pay for **Regulatory Penalties** **you** become legally obligated to pay as a result of a Regulatory Proceeding resulting from a **Cyber Security Event**. **We** will have the right and duty to defend **you** against any **Regulatory Proceeding** to which this coverage applies. **We** may at **our** discretion investigate any **Cyber Security Event** and settle any **Claim** that may result.

But:

- a. The amount **we** will pay for **Regulatory Penalties** and **Claim Expenses** resulting from a **Regulatory Proceeding** is limited as described in Section 3; and

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- b. **Our** right and duty to defend a **Regulatory Proceeding** ends when the applicable limit of liability is exhausted.
- ii. This coverage applies only if:
 - a. The **Cyber Security Event** commenced on or after the Retroactive Date, if any, shown in the Declarations and before the end of the Coverage Period;
 - b. A **Regulatory Proceeding** because of the **Cyber Security Event** is initiated against **you** during the Coverage Period or any Extended Reporting Period Provided under Section 7; and
 - c. **You** give written notice of the **Regulatory Proceeding** to **us** in accordance with Section 4.
- iii. A **Regulatory Proceeding** will be deemed to have been initiated when notice of the **Regulatory Proceeding** is received by **you** or by **us**, whichever occurs first.

D. PCI-DSS Assessments

- i. **We** will pay for **PCI-DSS Assessments** for which **you** are liable if the **PCI-DSS Assessments** are due to noncompliance by **you** with PCI Data Security Standards and the noncompliance resulted in a Privacy or Security Event.

But: The amount **we** will pay for **PCI-DSS Assessments** is limited as described in Section 3.
- ii. This coverage applies only if:
 - a. The Privacy or Security Event commenced on or after the Retroactive Date, if any, shown in the Declarations and before the end of the Coverage Period;
 - b. A Claim for **PCI-DSS Assessments** is first made against **you** during the Coverage Period or any Extended Reporting Period provided under Section 7; and

You give written notice of the Privacy or Security Event to **us** in accordance with Section 4.

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2. **Deductible.**

For each **Cyber Security Event**, **we** will pay only such amounts as are in excess of the deductible amount shown in the Declarations.

3. **Limits of Liability.**

A. The limits of liability stated below establish the most **we** will pay regardless of the number of **Cyber Security Events, Insureds, Claims** made, **Suits** or **Regulatory Proceedings** brought or individuals or entities making **Claims** or bringing **Suits** or **Regulatory Proceedings**.

B. The following general aggregate limit applies: **We** will pay no more than \$1,000,000, less applicable deductible amounts, for the sum of the following:

- i. All damages and **Claim Expenses** covered under Section 1.A;
- ii. All **Privacy Response Expenses** covered under Section 1.B; and
- iii. All **Regulatory Penalties** and **Claim Expenses** covered under Section
- iv. All **PCI-DSS Assessments** covered under Section 1.D.

4. **Notice to Us**

A. As a condition precedent to **our** obligations under this coverage, **you** must give written notice to **us** of any **Claim** made against **you** as soon as practicable, but in no event later than the end of the Coverage Period or any Extended Reporting Period provided under Section 7.

B. As a condition precedent to **our** obligations of the Pool under this coverage, **you** must give written notice to **us** of any Cyber Security Event as soon as practicable and provide all such information relating to the Cyber Security Event as **we** may reasonably request.

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- C. If during the Coverage Period, **you** become aware of a **Cyber Security Event** that may reasonably be expected to give rise to a **Claim** against **you**, including a Regulatory Proceeding or **PCI-DSS Assessment** or **Privacy Response Expenses**, **you** must give written notice to **us** of such **Cyber Security Event** as soon as practicable, but in no event later than the end of the Coverage Period or any Extended Reporting Period provided under Section 7. Notice must include:
- i. A specific description of the **Cyber Security Event**, including all relevant dates;
 - ii. The names of persons involved in the **Cyber Security Event**, including names of potential claimants and a specific description of any **Personal Information** actually or reasonably suspected to have been subject to theft, loss or unauthorized access or disclosure;
 - iii. The specific reasons for anticipating that a **Claim** may result from such **Cyber Security Event**;
 - iv. The specific nature of the alleged or potential damages arising from such **Cyber Security Event**; and
 - v. The specific circumstances by which **you** first became aware of the **Cyber Security Event**.

Any claim subsequently made against **you** arising out of, such **Cyber Security Event** shall be deemed to be a **Claim** made during the Coverage Period in which the **Cyber Security Event** was first reported to **us**.

5. **Exclusions**

The following exclusions apply to this coverage in addition to all exclusions that apply to the Public Officials and Employers Errors and Omissions Liability Coverage Form provided under the Coverage Document.

This Coverage does not apply to any **Claim, Suit, Regulatory Proceeding, damages, Regulatory Penalties, Claim Expenses, Privacy Response Expenses or PCI-DSS Assessments:**

- A. For, arising out of, or resulting from **Bodily Injury or Property Damage;**
- B. 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; provided, however, that this exclusion shall not apply to the extent **you** would have been liable in the absence of such contract or agreement or to amounts payable as **PCI-DSS Assessments.**
- C. For, arising out of, or resulting from any actual or alleged antitrust violation, restraint of trade, unfair competition, or false or deceptive or misleading advertising or violation of the Sherman Anti-Trust Act, the Clayton Act, or the Robinson-Patman Act, as amended;
- D. For, arising out of, or resulting from any actual or alleged false, deceptive or unfair trade practices; however, this exclusion does not apply to any claim or loss covered under this endorsement that results from a theft, loss or unauthorized disclosure of or access to **Personal Information;**
- E. For, arising out of, or resulting from:
 - i. The actual or alleged unlawful collection or acquisition of **Personal Information** by or on behalf of **you**; or the failure to comply with a legal requirement to provide individuals with the ability to assent to or withhold assent (*i.e.*, opt-in or opt-out) from the collection, disclosure or use of **Personal Information;** or
 - ii. The distribution of unsolicited email, direct mail, or facsimiles, wiretapping, audio or video recording, or telemarketing, if such distribution, wiretapping, recording or telemarketing is done by or on behalf of **you.**
- F. For, arising out of, or resulting from any of the following conduct by **you**:
 - i. Any actual or alleged violation of the Organized Crime Control Act of 1970 (commonly known as the Racketeer Influenced and Corrupt Organizations

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Act or RICO), as amended, or any regulation promulgated thereunder or any similar federal law or law of any state, locality or foreign government, whether such law is statutory, regulatory or common law;

- ii. 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, any state blue sky or securities law, any other federal securities law or legislations, or any other similar law or legislation of any state, locality or foreign government, or any amendment to such laws, or any violation of any order, ruling or regulation issued pursuant to such laws;
 - iii. Any actual or alleged violation of the Fair Labor Standards Act of 1938, the National Labor Relations Act, the Worker Adjustment and Retraining Act of 1988, the Certified Omnibus Budget Reconciliation Act of 1985, the Occupational Safety and Health Act of 1970, the Employee Retirement Security Act of 1974 or any similar law or legislation of any state, locality or foreign government, or any amendment to such laws, or any violation of any order, ruling or regulation issued pursuant to such laws; or
 - iv. Any actual or alleged discrimination of any kind including but not limited to age, color, race, sex, creed, national origin, marital status, sexual preference, disability or pregnancy;
- G. For, arising out of, or resulting from any criminal, dishonest, fraudulent, or malicious act, error or omission, any intentional security breach, or any intentional or knowing violation of the law committed by **you**; provided, however, this exclusion shall not apply unless there is a final adjudication of such conduct, an admission of such conduct by **you**, or in a criminal proceeding a plea of guilty, *nolo contendere*, no contest or any similar plea by **you**;
- H. For, arising out of, or resulting from any actual or alleged:
- i. Infringement of patent or patent rights or misuse or abuse of patent; or
 - ii. Infringement of copyright arising from or related to software code or software products; or
 - iii. Use or misappropriation of any ideas or trade secrets by **you** or on behalf of, or in collusion with **you**;
- I. Arising out of, or resulting from any of the following:
- i. Trading losses, trading liabilities or change in value of accounts;

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- ii. Any loss of monies, securities or tangible property of others in the care, custody or control of **you**;
 - iii. The monetary value of any electronic fund transfers or transactions by or on behalf of **you** that is lost, diminished, or damaged during transfer from, to or between accounts; or
 - iv. The value of coupons, price discounts, prizes, awards or any other valuable consideration given in excess of the total contracted or expected amount that is lost, diminished or damaged;
- J. For damage to, destruction of, corruption of, or any loss of use by **you** of any **Computer System** or data, including without limitation any costs or expenses to **you** to repair or replace any **Computer System** or data;
- K. For, arising out of, or resulting from any threat, extortion or blackmail including but not limited to ransom payments.

6. **Definitions**

The following definitions apply to this coverage:

“**Bodily Injury**” means physical injury, sickness or disease sustained by any person, including death resulting from these at any time. **Bodily Injury** also means mental illness, mental anguish or emotional distress, pain or suffering or shock sustained by any person, whether or not resulting from physical injury, sickness, disease or death of any person.

“**Claim**” means any demand, **Suit** for damages, Regulator Proceeding or **PCI-DSS Assessment** resulting from a **Cyber Security Event**. All **Claims** because of a single **Cyber Security Event** will be deemed to be a single **Claim** and to have been made at the time the first such **Claim** is made against **you**, regardless of the number of individuals or entities making such **Claims** or the time period over which such **Claims** are made, even if subsequent **Claims** are made after the Coverage Period or any Extended Reporting Period provided under Section 7.

“**Claim Expenses**” means

- a. Reasonable and necessary fees charged by attorneys designated by **us** or designated by **you** with **our** prior consent to assist with the investigation, adjustment, negotiation, arbitration, defense or appeal of a **Claim**;

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- b. All other reasonable and necessary fees, costs and expenses resulting from the investigation, adjustment, negotiation, arbitration, defense or appeal of a **Claim** and incurred by **us** or by **you** with **our** prior consent; and
- c. Premiums on appeal bonds, attachment bonds or similar bonds; however, **we** are not obligation to apply for or furnish any such bond.

Provided, however, **Claim Expenses** do not include:

- a. Any internal salary, administrative, overhead or other related expenses of **you** or any charges by **you** for time spent cooperating with the investigation and defense of any **Claim**; or
- b. **Privacy Response Expenses.**
- c. **PCI-DSS Assessments**

“**Computer System**” means computers and associated input and output devises, data storage devises, networking equipment and backup facilities:

- a. Operated by and either owned by or leased to **you**; or
- b. Operated by a third party service provider and used to provide hosted computer application services to **you** or for processing, maintaining, hosting or storing **your** electronic data pursuant to a written contract with **you** for such services.

“**Cyber Security Event**” means

- a. The actual or reasonably suspected theft, loss or unauthorized disclosure of or access to electronic **Personal Information** in the care, custody or control of **you** or for which **you** are legally responsible; or
- b. A violation or failure of the security of a **Computer System**, including but not limited to unauthorized access, unauthorized use, a denial or service attack or receipt or transmission of malicious code.

Any **Cyber Security Event** that is continuous or part of a series of repeated or related **Cyber Security Events** will be considered to be a single **Cyber Security Event** and will be considered to have commenced when the first such **Cyber Security Event** commenced regardless of:

- a. The number of individuals or entities engaged in such **Cyber Security Events**;

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- b. The number of individuals or entities affected by such **Cyber Security Events**;
- c. The number of locations where such **Cyber Security Events** occurred; or
- d. The number of such **Cyber Security Events** occurring or period of time over which they occur, even if subsequent **Cyber Security Events** take place after the Coverage Period.

“**PCI-DSS Assessment**” means any monetary penalty owed by **you** due to **your** noncompliance with Payment Card Industry Data Security Standards under an agreement between **you** and a financial institution or other person enabling **you** to accept credit cards, debit cards, prepaid cards, or other payment cards.

“**Personal Information**” means an individual’s name in combination with one or more of the following:

- a. Information concerning the individual that constitutes “nonpublic personal information” as defined in the Gramm-Leach Bliley Act of 1999, as amended, and implementing regulations;
- b. Medical or health care information concerning the individual, including without limitation “protected health information” as defined in the Health Insurance Portability and Accountability Act of 1996, as amended, and implementing regulations;
- c. The individual’s Social Security number, driver’s license or state identification number, credit, debit, or other financial account numbers and associated security codes, access codes, passwords or personal identification numbers that allow access to the individual’s finance account information; or
- d. Other nonpublic personal identifiable information, as protected under any local, state, federal or foreign law;

Provided, however, **Personal Information** does not include information that is lawfully available to the public, including without limitation information lawfully available from **you** or any local, state, federal or foreign governmental entity.

“**Privacy Response Expenses**” means the following reasonable and necessary costs incurred by **you** within one year of the discovery of a **Cyber Security Event** that results in the actual or reasonably suspected theft, loss or unauthorized disclosure of or access to Electronic **Personal Information** in the care, custody or control of **you** or for which **you** are legally responsible.

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- a. For the services of a computer security expert designated by **us** to determine the scope and cause of a **Cyber Security Event** and the extent to which **Personal Information** was disclosed to or accessed by unauthorized persons;
- b. For the services of consultants or attorneys designated by **us** to determine **your** obligations if any, under applicable law to give notice to affected individuals;
- c. To notify affected individuals if required by applicable law or if **you** voluntarily elect to give such notice, and for the services of a contractor designated by **us** to assist with providing such notice and responding to questions and concerns raised by individuals who are notified;
- d. For the services of a contractor designated by **you** to provide identify theft protection services to affected individuals if **you** elect to provide such services; and
- e. For the services of a public relations consultant designated by us to avert or mitigate damage to **your** reputation as a result of the **Cyber Security Event**;

Provided, however, **Privacy Response Expenses** do not include:

- a. Any internal salary, administrative, overhead or other related expenses of **you** for time spent cooperating with the investigation and response to any **Cyber Security Event**; or
- b. **Claim Expenses.**
- c. **PCI-DSS Assessments**

“Property Damage” means physical injury to tangible property, including all resulting loss of use or loss of use of tangible property that is not physically injured. For purposes of this definition, tangible property does not include information 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, compact disks, tapes, drives, cells, data processing devices or any other media that are used with electronically controlled equipment.

“Regulatory Penalties” means any civil fine or civil monetary penalty imposed in a Regulator Proceeding payable by **you** to the governmental entity bringing the **Regulatory Proceeding** and a sum of money that **you** are 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**.

“**Regulatory Proceeding**” means a request for information, civil investigative demand, **Suit**, civil investigation or civil proceeding commenced by or on behalf of any local, state, federal or foreign governmental entity in the entity’s regulatory or official capacity.

“**Suit**” means a civil proceeding arising out of a **Cyber Security Event** and includes an arbitration proceeding or other alternative dispute resolution proceeding and to which **you** must submit or do submit with the consent of **us**.

7. **Extended Reporting Periods**

A. **Applicability**

This section applies solely to the coverage provided under Section 1, but no Automatic or Optional Extended Reporting Period will be provided if **we** (i) cancel such coverage for non-payment of premium, (ii) cancel or rescind such coverage for material misrepresentation or fraud, or (iii) cancel or rescind such coverage for violation by **you** of the charter, bylaws or other rules governing the **your** conduct

B. **Automatic Extended Reporting Period**

- i. Subject to Section 7.A, if **you** or **we** cancel or nonrenew the coverage provided under Section 1, **you** will have the right to an Automatic Extended Reporting Period of sixty (60) days, which will commence on the effective date of such cancellation or nonrenewal. During the Automatic Extended Reporting Period, **you** may give notice to **us** of any **Cyber Security Event** that commenced on or after the Retroactive Date, if any, shown in the Declarations and before the effective date of the cancellation or nonrenewal and for which a **Claim** was first made against **you** during the Coverage Period or the Automatic Extended Reporting Period. Such notice must be given in accordance with Section 4.
- ii. The Automatic Extended Reporting Period will not apply where an Optional Extended Reporting Period has been purchased or to **Claims** that are covered under any subsequent insurance **you** purchase or that is purchased for **our** benefit, or that would be covered by any such subsequent insurance but for the exhaustion of the amount of insurance applicable to the **Claims** or any applicable retention amount.

C. **Optional Extended Reporting Period**

- i. Subject to Section 7.A, if **you** or **we** cancel or nonrenew the coverage provided under Section 1, **you** will have the right to purchase an Optional Extended Reporting Period of up to three (3) years, which will commence on the effective date of such cancellation or nonrenewal. During the

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Optional Extended Reporting Period, **you** may give notice to **us** of any **Cyber Security Event** that commenced on or after the Retroactive Date, if any, shown in the Declarations and before the effective date of the cancellation or non-renewal and for which a **Claim** was first made against **you** during the Coverage Period or the Optional Extended Reporting Period. Such notice must be given in accordance with Section 4.

- ii. **You** may purchase an Optional Extended Reporting Period for payment of an additional premium amount of:
 - a. One hundred percent (100%) of the full annual premium, for a period of one (1) year;
 - b. One hundred and seventy-five (175%) of the full annual premium, for a period of two (2) years, or
 - c. Two hundred percent (200%) of the full annual premium, for a period of three (3) years.

As used herein, “full annual premium” means the annual premium amount charged for the coverage provided in Section 1 plus any premium charged for additional coverage added by endorsement to the coverage provided in Section 1.

- iii. The right to purchase an Optional Extended Reporting Period will terminate unless written notice of the election, together with any additional premium due, is received by **us** no later than thirty (30) days after the effective date of the cancellation or nonrenewal of the coverage provided in Section 1.

D. Conditions Applicable to Extended Reporting Periods

- i. Once in effect, the Automatic or Optional Extended Reporting Period cannot be canceled or rescinded, except by **us** for material misrepresentation, fraud or violation by **you** of **your** charter, bylaws or other rules governing **your** conduct. Any Premium charged for an Optional Extended Reporting Period will be fully earned and nonrefundable at inception of the Optional Extended Reporting Period.
- ii. The Automatic or Optional Extended Reporting Period does not reinstate or increase the limits of coverage described in Section 3.