

Portfolio of Coverage

Epecially Designed For:

NICHOLAS COUNTY WATER DISTRICT
1639 OLD PARIS ROAD
CARLISLE, KY 40311-0000



Underwritten by
National Union Fire Insurance Company of Pittsburgh, Pa.

National Union Fire Insurance Company of Pittsburgh, Pa.

RISK CONTROL POLICYHOLDER NOTICE

Dear Glatfelter Public Practice Client,

Safety and health is a major concern in organizations today. These issues are important because of the major impact that accidents can have on an organization. Morale can often be affected as well as an organization's finances. Insurance rarely covers all the expenses associated with accidents. There are often hidden costs that the organization must bear such as time spent reporting, documenting and investigating the accident.

Risk Control Guidelines Provided by Glatfelter Public Practice

As a valuable service to you, Glatfelter Public Practice provides risk control guidelines and programs to your organization in an effort to help you prevent and/or reduce the impact of accidents. Implementing Glatfelter Public Practice risk control measures could benefit your organization by reducing or eliminating the hidden costs of accidents while helping your organization to continue to serve your community.

Glatfelter Public Practice provides a number of programs and services to help you in your risk control effort. While most of these services are available to our clients at no additional cost, some may require a fee based on the scope of the service requested. Some of the services and programs that we provide to our clients include:

- On-site risk control consultations
- Recommendations to control identifiable hazards
- Loss experience analysis
- Consultation on specific risk control-related problems
- Sample standard operating guidelines for vehicle operations
- Accident investigation procedures and forms

Risk Control Publications

Glatfelter Public Practice has many resources that you can access at no charge on our Web site. These include Communiqués, which are a one-page fact sheet, that presents a specific hazard and provides procedures for controlling the hazard. Glatfelter Public Practice also provides numerous training programs that you can access through our Risk Control Services. Please visit www.GlatfelterPublicPractice.com to view and order these resources.

Inquire About Our Risk Control Services

If you would like information about some of the above services and publications, please call Glatfelter Public Practice Risk Control at (800) 233-1957.

National Union Fire Insurance Company of Pittsburgh, Pa.

(a capital stock company)

Administrative Office: 175 Water Street | New York, NY 10038 | 212.458.5000

Administered by:

Glatfelter Underwriting Services, Inc. | 183 Leader Heights Road | York, PA 17402
800.233.1957 | glatfelterpublicpractice.com



COMMON POLICY DECLARATIONS

Named Insured and Mailing Address:

NICHOLAS COUNTY WATER DISTRICT
1639 OLD PARIS ROAD
CARLISLE, KY 40311-0000

Policy Number:

GPNU-PF-0002291-00/000

Policy Period: From 01-03-2020
 To 01-03-2021

12:01 AM Standard Time at your mailing address shown above.

Type of Entity: WATER DISTRICT

Business Description: WATER DISTRICT

This policy consists of the following coverage parts:

| | Premium |
|---|-------------|
| Property | \$3,666.00 |
| Crime | \$114.00 |
| Inland Marine | \$522.00 |
| Auto | \$2,962.00 |
| General Liability | \$2,252.00 |
| Public Officials and Management Liability | \$1,500.00 |
| Educators Legal Liability | Not Covered |
| Excess Liability | \$1,226.00 |
| Taxes, Fees, Surcharges: | \$154.38 |
| Estimated Total Premium: | \$12,396.38 |

The policy premium is payable on the dates and in the amounts shown below:

See Installment Schedule

Named Insured:

NICHOLAS COUNTY WATER DISTRICT

Policy Number:

GPNU-PF-0002291-00/000

Policy Period:

From 01-03-2020

To 01-03-2021

COMMON FORMS

See Schedule of Forms and Endorsements

In return for payment of the premium, and subject to all the terms of this policy, we agree with you to provide the insurance as stated in the policy. The policy consists of the coverage parts where a premium is shown on page 1 of these Common Policy Declarations. In addition to any common forms, each coverage part consists of a Coverage Part Declarations and any coverage forms and endorsements listed on the Coverage Part Declarations or elsewhere in the policy.

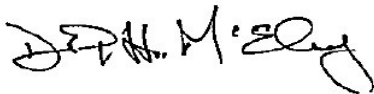


Authorized representative (countersignature, where required)

01-15-2020

Date

The Company has caused this policy to be signed by its President and Secretary



President



Secretary

Policy Number
GPU-PP-0002291-00/000

SCHEDULE OF FORMS AND ENDORSEMENTS

Named Insured NICHOLAS COUNTY WATER DISTRICT

Effective Date: 01-03-20
12:01 A.M., Standard Time

Agency Name Glatfelter Underwriting Services, Inc.

COMMON POLICY FORMS AND ENDORSEMENTS

| | | |
|----------|-------|--|
| 89644 | 06-13 | ECONOMIC SANCTIONS ENDORSEMENT |
| GCO300 | 01-20 | COMMON POLICY CONDITIONS |
| CG 21 70 | 01-15 | CAP ON LOSSES FROM CERTIFIED ACTS OF TER |
| IL 00 21 | 09-08 | NUCLEAR ENERGY LIABILITY EXCLUSION ENDT |
| IL 09 52 | 01-15 | CAP ON LOSSES FROM CERT ACTS/TERRORISM |
| GCOKY1 | 01-20 | KENTUCKY CHANGES - CANCELLATION AND NONR |
| GCOKY2 | 01-20 | KENTUCKY CHANGES |

PROPERTY FORMS AND ENDORSEMENTS

| | | |
|--------|-------|--|
| GPR101 | 01-20 | PROPERTY COVERAGE FORM |
| GPR428 | 01-20 | AMENDMENT OF COVERAGE UNDERGROUND PIPIN |
| GPR430 | 01-20 | ORDINANCE COVERAGE AMENDMENT |
| GPR440 | 01-20 | CRISIS INCIDENT RESPONSE COVERAGE MUNIC |
| GPR442 | 01-20 | EQUIPMENT BREAKDOWN COVERAGE LIMIT OF IN |

CRIME FORMS AND ENDORSEMENTS

| | | |
|--------|-------|--|
| GCR102 | 01-20 | GOVERNMENT CRIME COVERAGE FORM (LOSS SUS |
| GCRKY1 | 01-20 | KENTUCKY CHANGES |
| GCRKY2 | 01-20 | KENTUCKY ADD FAITHFUL PERFORMANCE OF DUT |

INLAND MARINE FORMS AND ENDORSEMENTS

| | | |
|--------|-------|-----------------------------|
| GIM101 | 01-20 | INLAND MARINE COVERAGE FORM |
|--------|-------|-----------------------------|

AUTOMOBILE FORMS AND ENDORSEMENTS

| | | |
|----------|-------|--|
| AU1001 | 01-20 | AUTO PHYSICAL DAMAGE EXTENSION ENDORSEME |
| AU1003 | 01-20 | AUTO LIABILITY EXTENSION ENDORSEMENT |
| AU1007 | 01-20 | COMMANDEERED AUTO DEFINITION ENDORSEMENT |
| AU1017 | 01-20 | AUTO PHYSICAL DAMAGE EXTENSION ENDORSEME |
| CA 00 01 | 10-13 | BUSINESS AUTO COVERAGE FORM |
| CA 01 25 | 10-13 | KENTUCKY CHANGES |
| CA 21 76 | 10-13 | KENTUCKY UNINSURED MOTORISTS COVERAGE |
| CA 21 79 | 10-13 | KENTUCKY UNDERINSURED MOTORISTS COVERAGE |
| CA 22 16 | 10-13 | KY PERSONAL INJURY PROTECTION |
| CA 20 18 | 10-13 | PROFESSIONAL SERVICES NOT COVERED |
| CA 99 15 | 12-93 | GOVERNMENTAL BODIES AMENDATORY ENDT |
| CA 99 48 | 10-13 | POLLUTION LIAB BROAD COV FOR COV AUTO |

GENERAL LIABILITY FORMS AND ENDORSEMENTS

| | | |
|--------|-------|--|
| GGL101 | 01-20 | GENERAL LIABILITY COVERAGE FORM |
| GGL222 | 01-20 | SPECIFIC OPERATIONS EXCLUSION - SCHOOLS |
| GGL224 | 01-20 | EXCLUSION ELECTRONIC INFORMATION SECURIT |
| GGL412 | 01-20 | WATER OR WASTEWATER PROFESSIONAL ACTIVIT |

PUBLIC OFFICIALS AND MANAGEMENT LIAB FORMS AND ENDORSEMENTS

| | | |
|--------|-------|--|
| GML102 | 01-20 | PUBLIC OFFICIALS AND MANAGEMENT LIABILIT |
| GML207 | 01-20 | AMENDMENT OF PROFESSIONAL LIABILITY EXCL |
| GML302 | 01-20 | AMENDATORY ENDORSEMENT INJUNCTIVE OR DEC |

Policy Number
GPNU-PF-0002291-00/000

SCHEDULE OF FORMS AND ENDORSEMENTS

Named Insured NICHOLAS COUNTY WATER DISTRICT

Effective Date: 01-03-20
12:01 A.M., Standard Time

Agency Name Glatfelter Underwriting Services, Inc.

| | | |
|--------|-------|--|
| GML303 | 01-20 | AMENDATORY ENDORSEMENT EEOC ADMINISTRATI |
| GML404 | 01-20 | CYBER LIABILITY AND PRIVACY CRISIS MANAG |
| GMLKY1 | 01-20 | KENTUCKY CHANGES - YOUR RIGHT TO CLAIM I |

EXCESS POLICY FORMS AND ENDORSEMENTS

| | | |
|----------|-------|--|
| CX0001 | 04-13 | COMMERCIAL EXCESS LIABILITY COVRG FORM |
| CX0202 | 09-08 | KY CHANGES - CANCELLATION AND NONRENEWAL |
| CX2101 | 09-08 | NUCLEAR ENERGY LIABILITY EXCLUSION ENDO |
| CX2130 | 01-15 | CAP ON LOSSES FROM CERTFD ACTS OF TERROR |
| CX2700 | 09-08 | UNDERLYING CLAIMS-MADE COVERAGE |
| CXE0279 | 01-20 | SUBLIMITED COVERAGES ENDORSEMENT |
| CXE0286 | 01-20 | ERISA EXCLUSION |
| CXE0328 | 01-20 | PRODUCTS-COMPLETED OPERATIONS AGGREGATE |
| CXEG0278 | 01-20 | POLLUTION LIABILITY EXCLUSION - GLATFE |
| CXEG0329 | 01-20 | UNMANNED AIRCRAFT LIABILITY COVERAGE SUB |
| CXE0116 | 01-20 | POLICY CHANGES |

POLICYHOLDER NOTICES

Policy Number
GPNU-PF-0002291-00/000

INSTALLMENT SCHEDULE

Named Insured NICHOLAS COUNTY WATER DISTRICT

Effective Date: 01-03-20
12:01 A.M., Standard Time

Agency Name Glatfelter Underwriting Services, Inc.

**IT IS HEREBY AGREED AND UNDERSTOOD THAT THIS POLICY IS
PAYABLE ON INSTALLMENTS AS FOLLOWS:**

| | DUE | PREMIUM | SURCHARGE | REVISED INSTALLMENT TOTAL |
|-------------|------------|----------------|------------------|--------------------------------------|
| DEPOSIT | 01/03/2020 | \$ 3,063.00 | \$ 154.38 | \$ 3,217.38 |
| INSTALLMENT | 04/03/2020 | \$ 3,063.00 | | \$ 3,063.00 |
| INSTALLMENT | 07/03/2020 | \$ 3,063.00 | | \$ 3,063.00 |
| INSTALLMENT | 10/03/2020 | \$ 3,053.00 | | \$ 3,053.00 |

Failure to pay the Installment Premium by the Date Due shown shall constitute non-payment of premium for which we may cancel this policy.

Policy Number
GPNU-PF-0002291-00/000

SCHEDULE OF ADDITIONAL INTEREST(S)

Named Insured NICHOLAS COUNTY WATER DISTRICT

Effective Date: 01-03-20
12:01 A.M., Standard Time

Agency Name Glatfelter Underwriting Services, Inc.

Mortgagee
BERKADIA COMMERCIAL MORTGAGE LLC
323 NORRISTOWN RD SUITE 300
AMBLER, PA 19002
LOAN NO 010338802
DESCRIPTION PREMISES 1-1 TO 1-5 AND PREMISES 4-1,4-2

ENDORSEMENT

This endorsement, effective 12:01 A.M. forms a part of

policy No. GPNU-PF-0002291-00/000

issued to NICHOLAS COUNTY WATER DISTRICT

By AMERICAN INTERNATIONAL GROUP, INC

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ECONOMIC SANCTIONS ENDORSEMENT

This endorsement modifies insurance provided under the following:

ALL COVERAGE PARTS

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

AUTHORIZED REPRESENTATIVE

COMMON POLICY CONDITIONS

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

A. Cancellation

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

B. Changes

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

C. Examination of Your Books and Records

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

D. Inspections and Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend changes.

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

E. Liberalization

If we revise any coverage included in this policy, and if such revision does not require a premium charge, your policy will automatically provide the additional coverage as of the date the revision is effective in your state.

F. Premiums

The first Named Insured shown in the Declarations:

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

G. Titles

Throughout this policy, titles are intended for ease of reference only. They do not extend or restrict any coverage beyond what is specifically stated in the policy had no titles been used.

H. Transfer of Your Rights and Duties Under This Policy

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
HOSPICE AND HOME HEALTH CARE LIABILITY COVERAGE PART
HOSPICE AND HOME HEALTH CARE NOT FOR PROFIT ORGANIZATION DIRECTORS AND OFFICERS
LIABILITY POLICY
LIABILITY COVERAGE PART
MANAGEMENT LIABILITY COVERAGE PART
PUBLIC OFFICIALS AND MANAGEMENT LIABILITY COVERAGE PART
EDUCATORS LEGAL LIABILITY COVERAGE PART
HEALTHCARE PROFESSIONAL LIABILITY AND HEALTHCARE GENERAL LIABILITY
RELIGIOUS ORGANIZATION MANAGEMENT LIABILITY COVERAGE PART
RELIGIOUS ORGANIZATION MANAGEMENT LIABILITY COVERAGE PART (CLAIMS MADE)

- A.** If aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.
- "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:
1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
 2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
- B.** The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Coverage Part.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

(Broad Form)

This endorsement modifies insurance provided under the following:

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

1. The insurance does not apply:
 - A. Under any Liability Coverage, to "bodily injury" or "property damage":
 - (1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
 - (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
 - B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.
 - C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:
 - (1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;
 - (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or
 - (3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.
2. As used in this endorsement:

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

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

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

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

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

"Nuclear facility" means:

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

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

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

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

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

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

A. Cap On Certified Terrorism Losses

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

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

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

B. Application Of Exclusions

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KENTUCKY CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
EDUCATORS LEGAL LIABILITY COVERAGE PART
GOVERNMENT CRIME COVERAGE PART
INLAND MARINE COVERAGE PART
GENERAL LIABILITY COVERAGE PART
PROPERTY COVERAGE PART
PUBLIC OFFICIALS AND MANAGEMENT LIABILITY COVERAGE PART
PUBLIC OFFICIALS AND MANAGEMENT LIABILITY COVERAGE PART(CLAIMS MADE)

A. Paragraph 2. of the **Cancellation** Common Policy Condition is replaced by the following:

2. Cancellation of Policies in Effect for 60 Days or Less

If this policy has been in effect for 60 days or less, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, stating the reason for cancellation, at least 14 days before the effective date of cancellation.

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

8. Cancellation of Policies in Effect for More Than 60 Days

a. If this policy has been in effect for more than 60 days or is a renewal of a policy we issued, we may cancel this policy only 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
- (7) A determination by the commissioner that the continuation of the policy would place us in violation of the Kentucky insurance code or regulations of the commissioner.

b. If we cancel this policy based on paragraph 8.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 8.a.(2) through 8.a.(7) above.

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

NONRENEWAL

1. For the purpose of this Condition:
 - a. Any policy period or term of less than 6 months shall be considered to be a policy period or term of six months; and
 - b. Any policy period or term of more than 1 year or any policy with no fixed expiration date shall be considered a policy period or term of 1 year.
2. 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 shown in the Declarations, at the last mailing address known to us, at least 75 days before the expiration date of the policy period.
3. 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.
4. If we mail or deliver a renewal notice to the first Named Insured at least 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.
5. If this policy terminates because the renewal premium has not been received by the due date, we will, within 15 days, mail or deliver to the first Named Insured at his last known address a notice that the policy was not renewed and the date it was terminated.
6. If notice is mailed, proof of mailing is sufficient proof of notice.

KENTUCKY CHANGES

This endorsement modifies insurance provided under the following:

INLAND MARINE COVERAGE PART
PROPERTY COVERAGE PART

A. The following exclusion is added:

1. We will not pay for loss or damage arising out of any act committed:
 - a. By or at the direction of any insured; and
 - b. With the intent to cause a loss.
2. However, this exclusion will not apply to deny coverage to an innocent co-insured who did not cooperate in or contribute to the creation of the loss, provided the loss is otherwise covered under this Coverage Part and:
 - a. The loss arose out of a pattern of domestic violence and abuse; and
 - b. The perpetrator of the loss is criminally prosecuted for the act causing the loss.
3. If we pay a claim pursuant to Paragraph **A.2.**, our payment to the insured is limited to that insured's ownership interest in the property less any payments we first made to a mortgagee or other party with a legal secured interest in the property. In no event will we pay more than the Limit of Insurance.

B. The **Transfer Of Rights Of Recovery Against Others To Us** Loss Condition is amended by the addition of the following:

If we pay an innocent co-insured for a loss described in Paragraph **A.2.**, the rights of the innocent co-insured to recover damages from the perpetrator are transferred to us to the extent of our payment. Following the loss, the innocent co-insured may not waive such rights to recover against the perpetrator of the domestic violence.

Named Insured:
NICHOLAS COUNTY WATER DISTRICT

Policy Number: GPNU-PF-0002291-00/000
Policy Period: From 01-03-2020
To 01-03-2021

PROPERTY COVERAGE PART DECLARATIONS

PROPERTY COVERAGE SUMMARY

| <u>Coverages</u> | <u>Limits of Insurance</u> |
|----------------------|---|
| A. Real Property | See Schedule |
| B. Personal Property | See Schedule |
| C. Loss of Income | Loss sustained up to \$250,000 per occurrence |
| D. Extra Expense | Loss sustained up to \$250,000 per occurrence |

| | <u>Deductible</u> |
|--------------------------------|----------------------|
| Policy Deductible | \$500 per occurrence |
| Equipment Breakdown Deductible | per occurrence |

Estimated Coverage Part Premium: \$ 3,666.00

PROPERTY FORMS

See Schedule of Forms and Endorsements.

Named Insured:
NICHOLAS COUNTY WATER DISTRICT

Policy Number: GPNU-PF-0002291-00/000
Policy Period: From 01-03-2020
To 01-03-2021

PROPERTY PREMISES SUMMARY

| Premises Number | Address |
|-----------------|--|
| 001 | 1639 OLD PARIS ROAD, CARLISLE, KY, 40311 |
| 002 | 1379 HICKORY RIDGE ROAD, CARLISLE, KY, 40311 |
| 003 | US 68, MILLERSBURG, KY, 40348 |
| 004 | 350 CONCORD ROAD, CARLISLE, KY, 40311 |
| 005 | 996 EAST UNION ROAD, CARLISLE, KY, 40311 |
| 006 | CONCORD, CARLISLE, KY, 40311 |
| 007 | BARTERVILLE, CARLISLE, KY, 40311 |
| 008 | US 68 BLUE LICKS, CARLISLE, KY, 40311 |

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SCHEDULE OF MORTGAGEES

| Premises / Item Number | Item Description / Occupancy | Mortgagee |
|------------------------|------------------------------|--|
| 001/001 | Office | BERKADIA COMMERCIAL MORTGAGE LLC 323 NORRISTOWN RD SUITE 300 AMBLER, PA, 19002 |
| 001/002 | FENCES/ARBORS | BERKADIA COMMERCIAL MORTGAGE LLC 323 NORRISTOWN RD SUITE 300 AMBLER, PA, 19002 |
| 001/003 | Storage | BERKADIA COMMERCIAL MORTGAGE LLC 323 NORRISTOWN RD SUITE 300 AMBLER, PA, 19002 |
| 001/004 | Pump Station | BERKADIA COMMERCIAL MORTGAGE LLC 323 NORRISTOWN RD SUITE 300 AMBLER, PA, 19002 |
| 001/005 | FENCES/ARBORS | BERKADIA COMMERCIAL MORTGAGE LLC 323 NORRISTOWN RD SUITE 300 AMBLER, PA, 19002 |
| 004/001 | Pump Station | BERKADIA COMMERCIAL MORTGAGE LLC 323 NORRISTOWN RD SUITE 300 AMBLER, PA, 19002 |
| 004/002 | PUMP & TELEMENTARY | BERKADIA COMMERCIAL MORTGAGE LLC 323 NORRISTOWN RD SUITE 300 AMBLER, PA, 19002 |

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SCHEDULE OF PROPERTY COVERAGE -- BLANKET LIMITS

The following Blanket Limit Schedule for Coverage A – Real Property and Coverage B – Personal Property applies to all items of Real Property and Personal Property except for the property listed in the SCHEDULE OF PROPERTY COVERAGE - INDIVIDUAL LIMITS.

| Premises Number | Blanket Limit of Insurance | Valuation | Coinsurance | Inflation Guard |
|-----------------|----------------------------|------------------|-------------|-----------------|
| All | \$2,180,199 | Replacement Cost | N/A | 4% |

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SCHEDULE OF PROPERTY COVERAGE - INDIVIDUAL LIMITS

Replacement Cost = RC Actual Cash Value = ACV Functional Replacement Cost = FRC

| Premises/ Item Number | Description/ Occupancy | Real Property | | | | Personal Property | | | |
|-----------------------------|------------------------|---------------|-----------|------------------|--------------------|-------------------|-----------|------------------|--------------------|
| | | Limit | Valuation | Co- insurance | Inflation Guard | Limit | Valuation | Co- insurance | Inflation Guard |
| | | | | | | | | | |

PROPERTY COVERAGE FORM

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

Throughout this coverage part the words “you” and “your” refer to the Named Insured shown in the Declarations. The words “we,” “us” and “our” refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **VI** - Definitions.

SECTION I - COVERAGES

Coverage A - Real Property

We will pay for direct physical loss or damage to “real property” at a “premises” caused by or resulting from any “covered cause of loss”. The most we will pay is described under Section **IV** - What We Will Pay.

Coverage B - Personal Property

We will pay for direct physical loss or damage to “personal property” at a “premises” caused by or resulting from any “covered cause of loss”. The most we will pay is described under Section **IV** - What We Will Pay.

Coverage C - Loss of Income

We will pay for your “loss of income” that you sustain during the “period of restoration” if your “operations” are suspended as a result of direct physical loss or damage to “real property” or “personal property” at a “premises” caused by or resulting from any “covered cause of loss”. The most we will pay is described under Section **IV** - What We Will Pay.

Coverage D - Extra Expense

We will pay the necessary “extra expense” you incur during the “period of restoration” if your “operations” are suspended as a result of direct physical loss or damage to “real property” or “personal property” at a “premises” caused by or resulting from any “covered cause of loss”. The most we will pay is described under Section **IV** - What We Will Pay.

SECTION II - COVERAGE EXTENSIONS

This section adds to or extends the coverage under Section **I** - Coverages. Each separately numbered provision is referred to as an extension. Except to the extent specifically stated otherwise in an extension:

1. Each extension is limited to direct physical loss or damage caused by or resulting from any “covered cause of loss”;
2. The limits in each extension are in addition to the limits applicable to Section **I** - Coverages; and
3. All other applicable terms and conditions of this coverage form apply to each extension.

1. Accounts Receivable

- a. We will pay for “accounts receivable costs” you incur as a result of direct physical loss or damage to your accounts receivable records caused by or resulting from any “covered cause of loss”, including those arising from loss or damage to software, or from mechanical breakdown of “computer equipment”, or from a “computer virus”.
- b. We will not pay for:

- (1) Any loss or cost that results from mistakes made in bookkeeping, accounting, or billing;
 - (2) Any loss or cost if its existence can be shown only by an inventory count or an audit. However, if the existence of a loss can be shown by other means, you may use an inventory count or audit to support your claim for that loss;
 - (3) Any loss or cost resulting from any dishonest act or omission of either you or your “volunteer workers” or “employees”, or anyone authorized to act for you. But we will cover loss that results if someone falsifies, alters or destroys your accounts receivable records in order to conceal any such action;
 - (4) Any loss arising out of bad debts; or
 - (5) Any loss arising out of aged accounts receivables greater than 180 days.
- c. If you recover any amounts after we have paid you for a loss, you have to turn the recoveries over to us until we have been repaid. If you recover more than the amount we paid you, the excess over our payment is yours. Also, you must help us collect amounts customers owe you, if we request your help.
 - d. Coverage provided under this extension is not restricted to your “premises”.
 - e. The most we will pay under this extension is \$50,000 in any one occurrence.
 - f. The policy deductible applies to this extension unless it is greater than \$500. If the policy deductible is greater than \$500, a \$500 deductible will apply to this extension.
 - g. We will determine the valuation of receivables as follows:
 - (1) If you cannot accurately establish the amount of accounts receivables outstanding as of 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.
 - (2) The following will be deducted from the total amount of accounts receivable, however that amount is established:
 - (a) The amount of the accounts for which there is no loss or damage;
 - (b) The amount of the accounts that you are able to re-establish or collect;
 - (c) An amount to allow for probable bad debts that you are normally unable to collect; and
 - (d) All unearned interest and service charges.

2. Commandeered Property

- a. At your request, we will pay for direct physical loss or damage to commandeered property caused by or resulting from any “covered cause of loss”.

Commandeered property means the following property belonging to someone else:

- (1) “Real property”;
- (2) “Personal property”;
- (3) “Watercraft” or “personal watercraft”;
- (4) All-terrain vehicles;
- (5) Snowmobiles;
- (6) Aircraft or its parts, accessories and equipment;
- (7) Animals; and
- (8) “Tools and equipment”;

that you commandeer, seize, borrow or take over for official use to manage an emergency situation.

- b. Coverage for direct physical loss or damage to commandeered property applies only for the time you officially use the commandeered property to manage an emergency situation plus the reasonable time necessary to return the property. This extension will not apply to direct physical loss or damage occurring after the policy period.
- c. At your request, if there is direct physical loss or damage to commandeered property during the policy period that is payable under this extension, we will also pay any resulting loss of use of commandeered property arising during:
 - (1) The time subsequent to the direct physical loss or damage during which you officially use or retain the commandeered property to manage an emergency situation plus the reasonable time necessary to return the property; and
 - (2) The time after return of the commandeered property reasonably necessary to repair or replace the commandeered property, not to exceed 180 days.

These times may extend beyond the policy period stated in the Declarations so long as the direct physical loss or damage to the commandeered property occurred during the policy period stated in the Declarations.

- d. The most we will pay under this extension in any one occurrence is the “replacement cost” of the commandeered property, plus loss of use covered by this extension.

Emergency situation means an unexpected situation demanding an immediate official action by your law enforcement, firefighting, ambulance or rescue services during an emergency response.

3. Debris Removal Expenses

We will pay your debris removal expenses if they are reported to us within 180 days after the date of direct physical loss or damage. Debris removal expense means expense you incur in removing debris of covered “real property” or covered “personal property” from a “premises” after direct physical loss or damage caused by or resulting from any “covered cause of loss”. Debris removal expense does not include “remediation expense” or any expense related to the removal of “fungus”, wet rot, dry rot, virus, bacteria or asbestos. The most we will pay for debris removal expense under this extension is 25% of the amount we pay for direct physical loss or damage of covered property. However, this debris removal expense and the amount of loss or damage will not exceed the applicable Limit of Insurance. In the event that such an amount does exceed the applicable Limit of Insurance or the debris removal expense exceeds 25% of the loss amount, we will pay up to an additional \$100,000 for incurred debris removal expenses.

You may apply up to \$5,000 of the limit available for debris removal expenses toward the removal of tree(s) that are damaged by a “covered cause of loss” from your “premises”, provided that the tree(s) damaged your “real property” or covered “personal property” or prevent access to your “premises”.

4. Equipment Breakdown

- a. We will pay for direct physical damage to covered “real property” or “personal property” and “loss of income” sustained and “extra expense” incurred that is the result of an “accident” or “electronic circuitry impairment”. We will consider “electronic circuitry impairment” to be physical damage to “covered equipment”.

The most we will pay for loss or damage under this Coverage Extension for any “one equipment breakdown” is the limit for “real property” and “personal property” for the applicable “premises”. The most we will pay for “loss of income” in any “one equipment breakdown” is the Limit of Insurance shown in the Declarations under Coverage **C** “Loss of Income”. The most we will pay for “extra expense” in any “one equipment breakdown” is the Limit of Insurance shown in the Declarations under Coverage **D** “Extra Expense”. The limits in this extension are part of and not in addition to the limits applicable to Section **I** - Coverages.

- b. Under this extension, the following coverages also apply to loss caused by or directly resulting from an “accident” or “electronic circuitry impairment”. However, with respect to coverage **b.(9)** Service Interruption below, coverage will apply only to the direct result of an “accident” and will not apply to the direct result of an “electronic circuitry impairment”. The coverages described in **b.(1)** through **b.(10)** below

do not provide additional amounts of insurance, they are part of and not in addition to the applicable limits of insurance.

(1) Data Restoration

- (a)** We will pay for your reasonable and necessary cost to research, replace and restore lost “electronic data”.
- (b)** The most we will pay for loss, damage or expense for “electronic data” restoration including actual “loss of income” you sustain and necessary “extra expense” you incur is \$500,000.

(2) Expediting Expenses

- (a)** With respect to your covered “real property” or “personal property” that is damaged, we will pay the reasonable extra cost to:
 - (i)** Make temporary repairs; and
 - (ii)** Expedite permanent repairs or permanent replacement.
- (b)** The most we will pay for loss or expense under this coverage is \$100,000.

(3) “Extra Expense”

Coverage **D** “Extra Expense” is extended to apply to “extra expense” incurred as a result of an “accident” or “electronic circuitry impairment” covered under this extension, and subject to the policy limit.

(4) Green

- (a)** With respect to your covered “real property” or “personal property” that is damaged, we will pay your additional cost to:
 - (i)** Repair damaged property using equipment, materials and service firms required or recommended by a “recognized environmental standards program”, if repair is the least expensive option;
 - (ii)** Replace damaged property using equipment, materials and service firms required or recommended by a “recognized environmental standards program”, if replacement is the least expensive option;
 - (iii)** Dispose of damaged property or equipment, if practicable, through a recycling process; and
 - (iv)** Flush out reconstructed space with up to 100% outside air using new filtration media.
- (b)** With respect to any building that is covered “real property” and was, at the time of the “accident” or “electronic circuitry impairment”, certified by a “recognized environmental standards program”, we will pay your additional cost:
 - (i)** To prevent a lapse of such certification;
 - (ii)** To reinstate the certification or replace it with an equivalent certification;
 - (iii)** For an engineer authorized by a “recognized environmental standards program” to oversee the repair or replacement of the damaged covered “real property”; and
 - (iv)** For a Professional Engineer to commission or recommission your damaged mechanical, electrical, or electronic building systems.
- (c)** As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage in the absence of this Green coverage.
- (d)** This coverage is subject to the following provisions:
 - (i)** This coverage applies in addition to any coverage that may apply under the Environmental, Safety and Efficiency Improvements condition of this coverage form, or any other applicable coverage.
 - (ii)** This coverage only applies to covered “real property” or “personal property” that must be repaired or replaced as a direct result of an “accident” or “electronic circuitry impairment”.

- (iii) This coverage does not apply to any covered “real property” or “personal property” to which Actual Cash Value applies.
 - (e) The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary “Extra Expense” you incur is \$100,000.
- (5) Hazardous Substances**
- (a) We will pay for the additional cost to repair or replace covered “real property” or “personal property” because of contamination by a “hazardous substance”. This includes the additional expenses to clean up or dispose of such property.
 - (b) This does not include contamination of “perishable goods” by refrigerant, including but not limited to ammonia, which is addressed in **(10)(a)(ii)** below. As used in this extension additional costs mean those beyond what would have been payable under this extension had no “hazardous substance” been involved.
 - (c) The most we will pay for loss, damage or expense under this coverage, including actual “loss of income” you sustain and necessary “extra expense” you incur, is \$250,000.
- (6) “Loss of Income”**
- Coverage **C** “Loss of Income” is extended to apply to “loss of income” sustained as a result of an “accident” or “electronic circuitry impairment” covered under this extension, and subject to the policy limit unless as shown in the Equipment Breakdown Coverage Supplemental Declarations.
- (7) Off-“Premises” “Equipment Breakdown”**
- (a) Coverage is extended to apply to an “accident” or “electronic circuitry impairment” to the following types of equipment used in the insured’s firefighting, ambulance or rescue operations, whether mobile/portable or permanently mounted on a “vehicle”, anywhere in the “policy territory”:
 - (i) Mobile cascade units;
 - (ii) Mobile electrical generators;
 - (iii) Portable pumping units; and
 - (iv) Portable extrication devices, such as jaws-of-life, whether hydraulic or air powered.

This additional coverage is not subject to the definition of "covered equipment" as defined in this Extension **4. Equipment Breakdown** to the extent that the definition conflicts with the coverage provided for Off-"Premises" "accidents". However, in no event will we pay for an "accident" to a "vehicle's" drivetrain, driveline, or fire pump.
 - (b) For equipment other than equipment used in the insured’s firefighting, ambulance or rescue operations, whether mobile/portable or permanently mounted on a “vehicle”, as described above in **(7)(a)**, we will pay for:
 - (i) Physical damage to transportable “covered equipment” that, at the time of the “accident” or “electronic circuitry impairment”, is not at a covered location. As respects this Off-“Premises” Equipment Breakdown coverage only, the “accident” or “electronic circuitry impairment” may occur in any country except one in which the United States has imposed sanctions, embargoes or similar restrictions on the provision of insurance.
 - (ii) Your reasonable and necessary cost to research, replace and restore lost “electronic data” contained within “covered equipment” as described under **(b)(i)** above. This amount may not exceed the limit applicable to Data Restoration coverage.
 - (iii) The most we will pay for loss, damage or expense under **(b)(i)**, including actual “loss of income” you sustain and necessary “extra expense” you incur and Data Restoration as described in **(b)(ii)** above is \$25,000.
- (8) Public Relations**
- (a) This coverage only applies if you have sustained an actual “loss of income” covered under this extension.

- (b) We will pay for your reasonable costs for professional services to create and disseminate communications, when the need for such communications arises directly from the interruption of your business. This communication must be directed to one or more of the following:
 - (i) The media;
 - (ii) The public; or
 - (iii) Your customers, clients or members.
 - (c) Such costs must be incurred during the “period of restoration” or up to 30 days after the “period of restoration” has ended.
 - (d) The most we will pay for loss or expense under this coverage is \$5,000.
- (9) Service Interruption**
- (a) Any insurance provided for “Loss of Income”, “Extra Expense”, Data Restoration or Spoilage is extended to apply to your loss, damage or expense caused by a failure or disruption of service. The failure or disruption of service must be caused by an “accident” to equipment, including overhead transmission lines, that is owned by a utility, landlord, a landlord’s utility or other supplier who provides you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, Internet access, telecommunications services, “cloud computing services”, wide area networks or data transmission. The equipment must meet the definition of “covered equipment” except that it is not covered “real property” or “personal property”.
 - (b) “Cloud computing services” must be provided by a professional with whom you have a contract.
 - (c) With respect to the Data Restoration portion of this Service Interruption coverage, coverage will also apply to “electronic data” stored in the equipment of a provider of “cloud computing services”.
 - (d) Service Interruption coverage will not apply unless the failure or disruption of service exceeds 24 hours immediately following the “accident”. If the failure or disruption of service exceeds 24 hours, coverage will begin at the time of the disruption and any applicable deductible will apply.
- (10) Spoilage**
- (a) We will pay:
 - (i) For physical damage to “perishable goods” due to spoilage;
 - (ii) For physical damage to “perishable goods” due to contamination from the release of refrigerant, including but not limited to ammonia;
 - (iii) Any necessary expenses you incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.
 - (b) If you are unable to replace the “perishable goods” before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the “perishable goods” at the time of the “accident”, less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Valuation condition.
 - (c) The most we will pay for loss, damage or expense under this coverage is \$100,000.
- c.** We will not pay under this extension for loss, damage or expense caused directly or indirectly by any of the following, whether or not caused by or resulting from an “accident” or “electronic circuitry impairment”:
- (1) Fire, including smoke from a fire;
 - (2) Explosion of gas or unconsumed fuel within the furnace of any boiler or fired vessel or within the passages from that furnace to the atmosphere;
 - (3) Any other explosion, except as specifically covered under this coverage form;
 - (4) Any earth movement, including but not limited to earthquake, subsidence, sinkhole collapse, landslide, earth sinking, tsunami or volcanic action;

- (5) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not; mudslide or mudflow; or 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 direct expenses of such drying out subject to the applicable Limit of Insurance and any applicable deductible;
 - (6) Vandalism; or
 - (7) Your failure to use all reasonable means to protect covered property from damage following an “accident” or “electronic circuitry impairment”.
- d. Coverage under this extension does not apply to an “accident” or “electronic circuitry impairment” caused by or resulting from:
- (1) Lightning;
 - (2) Windstorm or hail. However this exclusion does not apply when:
 - (a) “Covered equipment” located within a building or structure suffers an “accident” or “electronic circuitry impairment” that results from wind-blown rain, snow, sand or dust; and
 - (b) 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.
 - (3) Smoke; aircraft or vehicles; riot or civil commotion; sprinkler leakage; elevator collision;
 - (4) Breakage of glass, falling objects, weight of snow, ice or sleet; freezing (caused by cold weather); collapse or molten material;
 - (5) A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment; or
 - (6) Water or other means used to extinguish a fire.
- e. Except as specifically provided under Extension 8. Limited Coverage for “Fungus”, Wet Rot or Dry Rot we will not pay for loss, damage or expense caused directly or indirectly by the following, whether or not caused by or resulting from an “accident” or “electronic circuitry impairment”: Any “fungus”, wet rot or dry rot, including any presence, growth, proliferation, spread or any activity of “fungus”, wet rot, dry rot or bacteria. This includes, but is not limited to, costs arising from clean up, removal, or abatement of such “fungus”, wet rot or dry rot. However, this exclusion does not apply to spoilage of “personal property” that is “perishable goods”, to the extent that spoilage is covered under Paragraph (10)(a) Spoilage above.
- f. With respect to coverages for “Loss of Income,” “Extra Expense” and Service Interruption, we will also not pay for:
- (1) Loss caused by your failure to use due diligence and dispatch and all reasonable means to resume business; or
 - (2) 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.
- g. With respect to Data Restoration coverage, we will also not pay to reproduce software programs or operating systems that are not commercially available; or “electronic data” that is obsolete, unnecessary or useless to you.
- h. Exclusions d.(1), d.(2), d.(3), and d.(4) above shall not apply if:
- (1) The excluded cause of loss occurs away from any covered location and causes an electrical surge or other electrical disturbance;
 - (2) Such surge or disturbance is transmitted through utility service transmission lines to the covered location and results in an “accident” or “electronic circuitry impairment”; and
 - (3) The loss, damage or expense caused by such surge or disturbance is not covered elsewhere under the policy.
- i. As respects this Equipment Breakdown extension only, we will not pay for loss or damage to animals.

- j. Any “covered cause of loss” set forth in **d.(4)** above that is not a “covered cause of loss” in this coverage part shall be excluded only as respects to service interruption.
- k. Unless an Equipment Breakdown Deductible is indicated on the Declarations, the policy deductible will apply to this extension.
- l. The following additional definitions apply to this extension:

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

- (a)** Mechanical breakdown, including rupture or bursting caused by centrifugal force;
- (b)** Artificially generated electrical current, including electrical arcing, that damages electrical devices, appliances or wires;
- (c)** Explosion, other than combustion explosion, of steam boilers, steam piping, steam engines or steam turbines owned or leased by you or operated under your control;
- (d)** An event inside steam boilers, steam pipes, steam engines or steam turbines that damages such equipment;
- (e)** An event inside hot water boilers or other water heating equipment that damages such equipment; or
- (f)** Bursting, cracking or splitting.

None of the following is an “accident”;

- (a)** Defect, programming error, programming limitation, computer virus, malicious code, loss of “electronic data”, loss of access, loss of use, loss of functionality or other condition within or involving “electronic data” or “media” of any kind; or
- (b)** Misalignment, miscalibration, tripping off-line, or any condition which can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance.

However, if an “accident” results, we will pay for the resulting loss, damage or expense caused by that “accident”.

(2) “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.

(3) “Cloud computing services” means professional, on-demand, self-service data storage or data processing services provided through the Internet or over telecommunications lines. This includes services known as IaaS (infrastructure as a service), PaaS (platform as a service), SaaS (software as a service) and NaaS (network as a service). This includes business models known as public clouds, community clouds and hybrid clouds. “Cloud computing services” include private clouds if such services are owned and operated by a third party.

(4) “Covered equipment” means covered “real property” or “personal property” that generates, transmits or utilizes energy or which, during normal usage, operates under vacuum or pressure, other than the weight of its contents. “Covered equipment” may utilize conventional design and technology or new or newly commercialized design and technology.

None of the following is “covered equipment”:

- (a)** Structures, foundation, cabinet or compartment;
- (b)** Insulating or refractory material;
- (c)** Sewer piping, “buried vessels or piping”, or piping forming a part of a sprinkler or fire suppression system;
- (d)** Water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
- (e)** “Vehicle” or any equipment mounted on a “vehicle”;

- (f) Satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
 - (g) Dragline, excavation or construction equipment;
 - (h) Equipment manufactured by you for sale; or
 - (i) "Electronic data".
- (5) "Electronic circuitry" means microelectronic components, including but not limited to circuit boards, integrated circuits, computer chips and disk drives.
- (6) "Electronic circuitry impairment"
- (a) "Electronic circuitry impairment" means a fortuitous event involving "electronic circuitry" within "covered equipment" that causes the "covered equipment" to suddenly lose its ability to function as it had been functioning immediately before such event. This definition is subject to the conditions specified in (b), (c) and (d) below.
 - (b) We shall determine that the reasonable and appropriate remedy to restore such "covered equipment's" ability to function is the replacement of one or more "electronic circuitry" components of the "covered equipment".
 - (c) The "covered equipment" must be owned or leased by you, or operated under your control.
 - (d) None of the following is an "electronic circuitry impairment":
 - (i) Any condition that can be reasonably remedied by:
 - i. Normal maintenance, including but not limited to replacing expendable parts, recharging batteries or cleaning;
 - ii. Rebooting, reloading or updating software or firmware; or
 - iii. Providing necessary power or supply.
 - (ii) Any condition caused by or related to:
 - i. Incompatibility of the "covered equipment" with any software or equipment installed, introduced or networked within the prior 30 days; or
 - ii. Insufficient size, capability or capacity of the "covered equipment".
 - iii Exposure to adverse environmental conditions, including but not limited to change in temperature or humidity, unless such conditions result in an observable loss of functionality. Loss of warranty shall not be considered an observable loss of functionality.
- (7) "Hazardous substance" means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.
- (8) "Media", as respects this Equipment Breakdown coverage extension, means material on which "electronic data" is recorded, such as solid state drives, hard disks, optical disks, flash drives, magnetic tapes or floppy disks.
- (9) "One equipment breakdown" means: If an initial "accident" or "electronic circuitry impairment" causes other "accidents" or "electronic circuitry impairments", all will be considered "one equipment breakdown". All "accidents" or "electronic circuitry impairments" that are the result of the same "accident" or "electronic circuitry impairment" will be considered "one equipment breakdown".
- (10) "Perishable Goods" means any covered "real property" or "personal property" maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.
- (11) "Recognized environmental standards program" means one of the following:
- (a) The United States Environmental Protection Agency ENERGY STAR® program;
 - (b) The U.S. Green Building Council LEED® program;
 - (c) The Green Building Initiative GREEN GLOBES® program; or

- (d) Any nationally or internationally recognized environmental standards program designed to achieve energy savings and related objectives of the type included in the programs listed above.
- (12) "Vehicle" means, as respects this extension only, 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", "personal 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".
- m. The following additional conditions apply to this extension:
- (1) 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 mailing or delivering a written notice of suspension to your last known address or 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. The suspension will be effective even if we have not yet made or offered a refund. We will not consider firefighting or other emergency service activities, or training related to such activities, as a dangerous condition within the context of this provision.
- (2) 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 "real property" or "personal property" requires inspection to comply with such regulations, at your option we agree to perform such inspection. We do not warrant that conditions are safe or healthful.
- (3) Environmental, Safety and Efficiency Improvements
- If "covered equipment" requires replacement due to an "accident" or "electronic circuitry impairment", we will pay your additional cost to replace with equipment that is better for the environment, safer for people or more energy or water efficient than the equipment being replaced. However, we will not pay to increase the size or capacity of the equipment and we will not pay more than 150% of what the cost would have been to repair or replace with like kind and quality. This condition does not apply to the replacement of component parts or to any property to which "actual cash value" applies and does not increase any of the applicable limits.

5. Fine Arts

- a. We will pay for direct physical loss or damage caused by or resulting from a "covered cause of loss" to "fine arts" owned by you and for which you have secured a certified appraisal.
- b. The value of "fine arts" will be the least of the following amounts:
- (1) The fair market value of the object at the time of loss;
- (2) The cost of reasonably restoring the object to its condition immediately before loss; or
- (3) The cost of replacing the object with a substantially identical object.
- c. Fair market value means the cash value that the object of "fine arts" would bring in an open and unrestricted market between a willing buyer and a willing seller who are both knowledgeable, informed and prudent, and who are acting independently of each other.
- d. In the event of loss, the value of the object will be determined as of the time of loss.
- e. The most we will pay for loss under this extension is \$50,000 in any one occurrence.
- f. We will also pay for direct physical loss or damage caused by or resulting from a "covered cause of loss" to "fine arts" for which you have not secured a certified appraisal.
- (1) The value of "fine arts" will be the least of the following amounts:

- (a) The fair market value of the object at the time of loss;
 - (b) The cost of reasonably restoring the object to its condition immediately before loss;
 - (c) The cost of replacing the object with a substantially identical object; or
 - (d) \$1,500 per item.
- (2) In the event of loss, the value of the object will be determined as of the time of loss.
- (3) The most we will pay for loss under Paragraph 5.f. is \$25,000 in any one occurrence. This Limit of Insurance is in addition to the amount provided under Paragraph 5.e. above.

6. Fire Department Charges

- a. We will pay up to \$25,000 in any one occurrence for fire department service charges:
 - (1) Assumed by contract prior to a covered loss; or
 - (2) Required by local ordinance.
- b. Charges are payable only when a fire department is called to save or protect "real property" or "personal property" at a "premises" described in the Declarations from direct physical loss or damage from a "covered cause of loss".
- c. No deductible applies to this extension.

7. Fire Extinguishing Equipment Recharge Costs

- a. We will pay the necessary and reasonable cost to recharge or refill your fire extinguishing equipment, including both hand-held extinguishers and fixed automatic extinguishing systems, as a result of:
 - (1) Their discharge as a result of a "covered cause of loss"; or
 - (2) Their accidental discharge in the absence of a "covered cause of loss".
- b. This extension applies regardless of whether the fire extinguishing equipment itself is damaged.
- c. The fire extinguishing equipment must be for the protection of and located at a "premises".
- d. No deductible applies to this extension.

8. Limited Coverage for Fungus, Wet Rot or Dry Rot

- a. The coverage described in 8.b. and 8.e. of this extension applies only when the "fungus", wet rot or dry rot is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence:
 - (1) A "specified cause of loss" other than fire or lightning; or
 - (2) Flood, but only if the optional Flood Coverage endorsement is attached.
- b. We will pay for loss or damage by "fungus", wet rot or dry rot. As used in this extension, the term loss or damage means:
 - (1) Direct physical loss or damage to covered "real property" or covered "personal property" caused by "fungus", wet rot or dry rot including the cost of removal of the "fungus", wet rot or dry rot;
 - (2) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet rot or dry rot; and
 - (3) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is reason to believe that "fungus", wet rot or dry rot are present.
- c. The coverage described under 8.b. of this extension is limited to \$25,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and flood (if the optional Flood Coverage endorsement is attached) which take place in a 12 month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet rot or dry rot, we will not pay more than a total of \$25,000 even if the "fungus", wet rot or dry rot continues to be present or active, or recurs, in a later policy period.

- d. The coverage provided under this extension does not increase the applicable Limit of Insurance on any covered “real property” or covered “personal property”. If a particular occurrence results in loss or damage by “fungus”, wet rot or dry rot, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected covered “real property” or covered “personal property”.

If there is covered loss or damage to covered “real property” or covered “personal property” not caused by “fungus”, wet rot or dry rot, loss payment will not be limited by the terms of this extension, except to the extent that “fungus”, wet rot or dry rot causes an increase in the loss. Any such increase in the loss will be subject to the terms of this extension.

- e. Under **C. “Loss of Income”** or **Coverage D. “Extra Expense”**:

- (1) If the loss which resulted in “fungus”, wet rot or dry rot does not in itself necessitate an interruption of “operations”, but such interruption is necessary due to loss or damage to property caused by “fungus”, wet rot or dry rot, then our payment under Coverage **C** and / or Coverage **D** is limited to the amount of “loss of income” and / or “extra expense” sustained in a period of not more than 30 days. The days need not be consecutive.
- (2) If a covered interruption of “operations” was caused by loss or damage other than “fungus”, wet rot or dry rot but remediation of “fungus”, wet rot or dry rot prolongs the “period of restoration”, we will pay for “loss of income” and / or “extra expense” sustained during the delay (regardless of when such a delay occurs during the “period of restoration”), but such coverage is limited to 30 days. The days need not be consecutive.

9. Newly Acquired or Under Construction Real Property and Related Personal Property

- a. “Real property” you buy, lease, rent, or construct, including temporary structures such as scaffolding, construction forms, falsework, or cribbing at the job site, will be covered under Coverage **A** as provided in this extension. “Personal property” you acquire in connection with the “real property” described above will be covered under Coverage **B** as provided in this extension.
- b. Coverage **A** or **B** applies only if your newly acquired or under construction “real property” is intended for use in your “operations” and you acquired it or began construction of it after this policy period began.
- c. The most we will pay under this extension is:
 - (1) \$1,000,000 in any one occurrence under Coverage **A**; and
 - (2) \$ 500,000 in any one occurrence under Coverage **B**.
- d. In addition to the limit available for “real property” under construction, we will also pay up to \$10,000 for loss or damage to construction materials and equipment that will become a permanent part of the project, while such property is held temporarily away from the construction site, or while in transit or awaiting delivery to the construction site. This property may be your property or, at your option, the property of others for which you are responsible.
- e. You agree to notify us as soon as possible of the value of:
 - (1) Your newly acquired or under construction “real property” and to pay additional premium from the date you acquired or began construction of it; and
 - (2) “Personal property” at the site of newly acquired or under construction “real property” and to pay additional premium from the date you place such “personal property” at the site of newly acquired or under construction “real property”.

Coverage provided under this extension will cease at the later of 90 days after you acquire the property or begin construction, or the end of the policy period. However, coverage will cease when this coverage part is cancelled or nonrenewed.

For the purposes of this extension, “premises”, as used in the definition of “real property”, means any location not described in the Declarations that is owned or legally occupied by you and used to conduct your “operations”.

10. Ordinance Coverage

When direct physical loss or damage caused by or resulting from a “covered cause of loss” occurs and “replacement cost” is indicated in the Declarations as applicable to Coverage **A**, we will pay:

- a. For loss to any undamaged portion of your “real property” caused by the enforcement of any law or ordinance that:
 - (1) Requires the demolition of parts of your “real property” not damaged by a “covered cause of loss”;
 - (2) Regulates the construction or repair of buildings or establishes zoning or land use requirements at a “premises”; and
 - (3) Is in force at the time of loss;
- b. The cost to demolish and clear the site of the undamaged part of the property caused by enforcement of a building, zoning or land use ordinance or law; and
- c. The increased cost to repair, rebuild or construct the “real property” caused by the enforcement of a building, zoning or land use ordinance or law, in addition to the “replacement cost” of the “real property” suffering the loss or damage.

The total paid for any “item” under Paragraph **a.** above shall be included within the Coverage **A** Limit of Insurance applicable to that “item” and shall not increase that limit. The most we will pay under Paragraphs **b.** and **c.** above shall not exceed 100% of the amount paid under this coverage part for the initial direct physical loss or damage to that “item” or \$1,000,000, whichever is greater.

Under this extension, we will not pay any costs:

- (1) Unless you actually repair, rebuild or reconstruct the damaged “real property”;
- (2) Due to an ordinance or law that was in effect before the loss or damage occurred, and with which you failed to comply even though you were required to do so;
- (3) For water treatment or wastewater processing equipment;
- (4) For water treatment or wastewater system infrastructure;
- (5) Associated with “remediation expenses”; or
- (6) Due to “fungus”, wet rot, or dry rot.

11. Outdoor Property

- a. We will pay up to the “replacement cost” for direct physical loss or damage to your “outdoor property” caused by or resulting from a “covered cause of loss”.
- b. The most we will pay under this extension is \$150,000 in any one occurrence.

12. Personal Effects

- a. At your request we will pay up to the “replacement cost” for direct physical loss or damage to “personal effects” owned by you, your officers, managers, elected or appointed officials, “employees”, or “volunteer workers” caused by or resulting from a “covered cause of loss” at your “premises”.
- b. The most we will pay under this extension is \$25,000 in any one occurrence, regardless of the number of “premises” described in the Declarations.
- c. This coverage is excess over any other valid and collectible insurance.

13. Pollution Remediation Expenses

- a. We will pay “remediation expenses” you incur as a result of the actual, alleged, or threatened presence of “pollution conditions” at a “premises” described in the policy Declarations, but only if the “pollution conditions” result from a “covered cause of loss” occurring during the policy period. However, we will not pay for any expense related to the removal of “fungus”, wet rot, dry rot, virus, bacteria or asbestos.
 - (1) You must notify us within 180 days after the date of the “covered cause of loss”.
 - (2) The most we will pay under Paragraph **a.** of this extension in any policy period is \$25,000.
- b. We will pay “remediation expenses” you incur as a result of the actual, alleged, or threatened presence of “pollution conditions” at a “premises” described in the policy Declarations, but only if the “pollution

conditions” result from a “specified cause of loss” occurring during the policy period. However, we will not pay for any expense related to the removal of “fungus”, wet rot, dry rot, virus, bacteria or asbestos.

(1) You must notify us within 180 days after the date of the “specified cause of loss”.

(2) Subject to Paragraph **a.(2)** the most we will pay under Paragraph **a.** and Paragraph **b.** of this extension in any policy period is \$100,000.

14. Preservation of Property

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

- a. While it is being moved or while temporarily stored at another location; and
- b. Only if loss or damage occurs within 90 days after the property is first moved.

15. Real Property or Personal Property in Transit or Off Premises

- a. If there is a direct physical loss or damage to your covered “real property” or covered “personal property” either in transit or while temporarily off “premises” caused by a “covered cause of loss”, we will pay that covered loss.
- b. If there is direct physical loss or damage to your covered computer hardware while off “premises” caused by a “covered cause of loss” we will pay that covered loss.
- c. The most we will pay in any one occurrence is \$100,000.

16. Software

- a. We will pay the following when caused by or resulting from any “covered cause of loss”, or from a “computer virus” or an act of intentional destruction by an “employee”:
 - (1) The cost of restoring, researching, replacing, or reproducing your “electronic data” or the media upon which your “electronic data” is magnetically or optically recorded;
 - (2) “Loss of income” if your “operations” are interrupted because of loss or damage to your software;
 - (3) “Extra expense” if your “operations” are interrupted because of loss or damage to your software;
 - (4) The following costs incurred because of loss or damage to your software:
 - (a) Expenses you actually incur in recharging an automatic fire suppression system due to an accidental discharge, whether or not the discharge was caused by a “covered cause of loss”;
 - (b) Fees payable to professional accountants or auditors;
 - (c) Costs of conducting investigations by consulting engineers or programmers; and
 - (d) Modification of “computer equipment” or replacement of “electronic data” in order to achieve compatibility with replacement “computer equipment” or software.
- b. To the extent that your “electronic data” is not replaced or restored, we will pay the cost of replacement of the media on which the “electronic data” was stored or recorded, with blank media of substantially identical type.
- c. Coverage provided under this extension is not restricted to your “premises”.
- d. The most we will pay under this extension is \$500,000 in any one occurrence.
- e. This extension does not apply to the extent coverage is provided in Extension **4.** Equipment Breakdown.

17. Supplementary Provisions for Coverage C. “Loss of Income” and Coverage D. “Extra Expense”

- a. Coverages **C** and **D** will apply if you have direct physical loss or damage covered under Coverage **A** or **B** to new buildings, additions or alterations to existing buildings, or associated equipment and supplies at a “premises”. If a direct physical loss or damage delays the start of your “operations” at the new building, addition, or alteration, Coverages **C** and **D** will be determined from the date your “operations” would have begun if the direct physical loss or damage had not occurred.

- b. Coverages **C** and **D** will apply if your fundraising activities are interrupted as a result of direct physical loss or damage to “real property” or “personal property” not owned by you from a “covered cause of loss” at any site used for your fund-raising activities.
- c. If property not at a “premises” is damaged by a “covered cause of loss”, and as a result, a government agency prohibits you from using a “premises”, Coverages **C and D** will apply for up to two weeks from the date that the loss occurred.
- d. The following will be disregarded in determining the amount of “loss of income”:
 - (1) Donations and contributions which are a direct result of the interruption of your “operations” and are received by you during the period of interruption; and
 - (2) Proceeds from fundraising drives or solicitations which are for your sole benefit and occur as a result of the interruption of your “operations”.
- e. If a regularly scheduled fund-raising drive for your sole benefit occurs during the period of interruption, the revenue produced by such drive will not be considered as income unless the results of the drive fail, because of the interruption of your “operations”, to produce an amount at least equal to the same drive in prior solicitations. If the regularly scheduled fund-raising drive is canceled or postponed, such loss of revenue will not be considered as a “loss of income”.
- f. If Coverage **C or D** applies, we will extend Coverage **C or D** up to 30 consecutive days after the damaged property is repaired or replaced or to the date you could restore your “operations”, with reasonable speed, to the condition that would have existed if no direct physical loss or damage occurred, whichever comes first.

18. Trees, Shrubs, Plants and Lawns

- a. We will pay for direct physical loss or damage to trees, shrubs, plants, and lawns at a “premises” on a “replacement cost” basis, only if they are damaged or destroyed by fire, lightning, explosion, riot or civil commotion, aircraft, “vehicles”, or vandalism and malicious mischief. Replacement of trees, shrubs or plants shall be with trees, shrubs or plants of comparable size and kind, but shall not exceed the cost of replacing them with the largest commonly available transplantable like species of tree, shrub or plant that is usually available or listed in catalogs by nurseries or suppliers for the region in which the covered loss occurred and which can be legally transported on public roads without special permits. The costs of removing the existing tree, shrub or plant and associated cleanup are also included. Diminution of “real property” or “personal property” values resulting from the loss of trees shall not be recoverable as part of the loss settlement.
- b. The most we will pay under this extension is \$25,000 in any one occurrence, subject to a \$1,000 maximum payable for any single tree, plant or shrub, regardless of the number of “premises” described in the Declarations.

19. Valuable Papers and Records

- a. We will pay the costs you incur in restoring, researching, replacing, or reproducing your “valuable papers and records” that suffer direct physical loss or damage caused by or resulting from any “covered cause of loss”.
- b. We will not pay for:
 - (1) Irreplaceable “valuable papers and records” unless they are specifically described in the Declarations or in an endorsement made a part of this coverage part, and a limit for them is shown there;
 - (2) Any cost that results directly from processing or copying the records; or
 - (3) Any cost that results directly from work performed on papers or records, such as filing or binding.
- c. Coverage provided under this extension is not restricted to your “premises”.
- d. The most we will pay under this extension is \$50,000 in any one occurrence.
- e. The policy deductible applies to this extension unless it is greater than \$500. If the policy deductible is greater than \$500, a \$500 deductible will apply to this extension

20. Arson, Theft or Vandalism Information Reward

We will reimburse you for the payment of rewards that you actually incur which provide information related to arson fire, theft or vandalism. For the purposes of this extension, covered property means property covered by this coverage part or any other coverage part issued to you by this company. This reimbursement is subject to compliance with all of the following conditions:

a. Conditions

- (1) Your covered property at a "premises" is damaged or destroyed by a fire that is declared to be an arson fire by the appropriate civil authority, or by theft or vandalism;
- (2) You pay reward(s) for information about the causes of such arson fire, theft or vandalism to persons who would not normally make reports and who did not make such report before the potential of a reward was announced;
- (3) Such information is presented to the investigative authorities within 90 days after the start of the arson fire, theft or vandalism;
- (4) Such reported information for which you paid a reward contributes directly and significantly to the arrest and conviction of those causing the arson fire, theft or vandalism; and
- (5) Your intention to pay such reward or your payment of such reward is reported to us within 15 days of the date on which the appropriate arson fire, theft or vandalism investigative authority receives the information.

b. Regardless of the number of people who provide information about the arson fire, theft or vandalism, the most we will pay for all reward payments related to any one arson fire, theft or vandalism, or series of related arson fires, thefts or acts of vandalism committed by the same arsonist(s), thief or vandal is \$25,000 per loss.

c. No deductible applies to this extension.

Our reimbursement to you for the arson fire, theft or vandalism information rewards that you pay does not limit in any way your ability to offer or not offer and pay or not pay rewards for arson, fire, theft or vandalism information related to covered property.

21. Building Glass – Tenant

a. We will pay for direct physical loss or damage to building glass caused by or resulting from a "covered cause of loss", provided that:

- (1) You are a tenant of the building and the address of the building is listed in the Property Premises Summary of the Declarations; and
- (2) You have a contractual responsibility to insure the building glass, or a contractual responsibility to pay for loss or damage to that property.

b. The value of the property covered under this extension will be determined in accordance with Condition **G.6.** under Section **IV – What We Will Pay**, or the amount for which you are liable under contract, whichever is less. The most we will pay in any one occurrence under this extension is the limit applicable to Coverage **B.**

22. Claim Expense

a. Coverage **B** is extended to apply to the following expenses you incur, as required by this coverage, for your "employees" to prepare a claim:

- (1) The cost of taking inventories; and
- (2) The cost of preparing a statement of loss and other supporting exhibits.

b. We will not pay for any expenses billed by and payable to independent or public insurance adjusters to prepare claims.

c. The most we will pay in any one occurrence under this extension is \$20,000.

23. Damage to Building from Theft

- a. Coverage **B** is extended to apply to loss or damage caused by theft or attempted theft that occurs to a building you occupy, but do not own, and for which you have a contractual obligation.
- b. The most we will pay for loss or damage under this extension in any one occurrence is \$100,000.

24. Lock Replacement

- a. We will pay the necessary expense you incur to replace locks, lock cylinders and keys, electronic or otherwise, necessitated by:
 - (1) A covered theft of your covered property; or
 - (2) Damage to the lock as a result of a "covered cause of loss".

For the purposes of this extension, covered property means property covered by this coverage part. Coverage applies if there is a loss of covered property by a covered theft even if the keys are not known to be missing or copied.

- b. Additional Conditions
 - (1) You must notify us and the appropriate law enforcement authority of the theft as soon as practicable;
 - (2) Locks, lock cylinders and keys must be replaced within 72 hours of the discovery of the theft, or as soon as practicable; and
 - (3) Coverage under this extension applies to disappearance of keys only if other covered property is stolen or missing.
- c. Coverage under this extension applies only to locks, lock cylinders and keys located at a "premises" described in the declarations.
- d. We will pay to replace the locks, lock cylinders and keys with property of the same kind and quality without deduction for deterioration or depreciation.
- e. The most we will pay in any one occurrence for coverage under this extension is \$25,000.
- f. No deductible applies to this extension.

25. Non-owned Detached Trailers

- a. Coverage **B** is extended to apply to loss or damage to trailers that you do not own, provided that:
 - (1) The trailer is used in your business;
 - (2) The trailer is in your care, custody or control at the "premises" described in the Declarations; and
 - (3) You have a contractual obligation to pay for loss or damage to the trailer.
- b. We will not pay for any loss or damage that occurs:
 - (1) While the trailer is attached to any "vehicle" or motorized conveyance, whether or not the "vehicle" or motorized conveyance is in motion;
 - (2) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a "vehicle" or motorized conveyance.
- c. The most we will pay for loss or damage under this extension in any one occurrence is \$50,000, unless a higher limit is shown in the Declarations.
- d. This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

26. Spoilage Due to Off Premises Electrical Service Interruption

- a. We will pay:
 - (1) For physical damage to "perishable goods" due to spoilage;
 - (2) For physical damage to "perishable goods" due to contamination from the release of refrigerant, including but not limited to ammonia; and

- (3) Any necessary expenses you incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage;

if the damage and expenses are a result of an interruption of electrical power service to your “premises”. The interruption must result from direct physical loss or damage by a “covered cause of loss” to the off “premises” power supply equipment described in Paragraph c.

- b. If you are unable to replace the “perishable goods” before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the “perishable goods” at the time of the occurrence, less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Valuation condition.
- c. Power supply equipment means the following types of off “premises” property supplying electricity to your “premises”:
 - (1) Utility generating plants;
 - (2) Switching stations;
 - (3) Substations;
 - (4) Transformers; and
 - (5) Transmission lines.
- d. “Perishable goods” means any covered “real property” or “personal property” subject to deterioration or impairment as a result of a change of conditions, including but not limited to temperature, humidity or pressure.
- e. The most we will pay for loss, damage or expense for coverage under this extension is \$50,000 in any one occurrence.

27. Water Contamination Notification Expense Coverage

- a. We will pay all necessary printing, mailing and other expenses you incur when you are required by law or regulatory authority to notify your customers of actual or possible water contamination.
We do not require that you give us advance notice or obtain our approval prior to incurring these expenses.
- b. The most we will pay under this extension is \$25,000 in any one policy period.
- c. No deductible applies to this coverage.

SECTION III - COVERED CAUSES OF LOSS

“Covered cause of loss” means any risk of direct physical loss or damage except as excluded or limited below.

Exclusions

We will not pay for loss or damage caused by or resulting directly or indirectly from the following causes, or occurring in the following situations. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently with or before, during, or after the loss or damage. But we will cover resulting fire or explosion, meaning a fire or explosion that results from any cause of loss other than “war”, whether or not that cause of loss itself is covered under this coverage part.

1. Asbestos

Asbestos, including loss, damage or “remediation expenses” resulting from asbestos or asbestos-containing materials.

2. Building Settlement

Settling, shrinking, cracking, bulging or expansion of any pavement, building or structure.

3. Delay, Loss of Use

Delay and loss of use or because you can no longer sell or use property, except as specifically provided in Coverage C.

4. Dishonesty

Dishonest acts or omissions of you or your “volunteer workers” or “employees”, or anyone authorized to act for you, or anyone to whom you entrust property, whether an individual is acting alone or in collusion with others.

5. Earthquake or Earth Movement

“Earthquake” or landslide, including any earth sinking, rising or shifting related to such events; mine subsidence; volcanic eruption, explosion or effusion (other than “volcanic action”); earth sinking (other than “sinkhole collapse”), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

6. Electrical Current

Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires, but this exclusion does not apply to any coverage provided in the Equipment Breakdown coverage extension.

7. Faulty Design and Workmanship

Faulty design, workmanship and material including the cost of correcting any faulty design, workmanship, material, manufacture or installation, alteration, repair or work on covered “real property” or “personal property”. But we will cover loss or damage that results from any of these, if the loss or damage occurs in connection with any cause of loss not otherwise excluded by this coverage part.

8. Flood or Water

- a. Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- b. Mudslide or mudflow;
- c. Water under the ground surface pressing on, or flowing or seeping through:
 - (1) Foundations, walls, floors or paved surfaces;
 - (2) Basements, whether paved or not; or
 - (3) Doors, windows or other openings; or
- d. Waterborne material carried or otherwise moved by any of the water referred to in Paragraph a. or c. or material carried or otherwise moved by mudslide or mudflow.

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

But if any of the above, in Paragraphs a. through d., results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a “covered cause of loss”).

9. Fungus, Wet Rot or Dry Rot

The presence, growth, proliferation, spread or any activity of “fungus” or wet rot or dry rot including loss, damage or “remediation expenses” resulting from any of these. But if “fungus”, wet rot, or dry rot results in a “specified cause of loss”, we will pay for the loss or damage caused by that “specified cause of loss”. This exclusion does not apply:

- a. When “fungus”, wet rot or dry rot results from fire or lightning; or
- b. To the extent coverage is provided in the Limited Coverage for “Fungus”, Wet Rot or Dry Rot coverage extension.

10. “Government Activity”

11. Inherent Vice

Inherent vice meaning a natural condition of property that causes it to deteriorate or become damaged. Examples of inherent vice are the yellowing and cracking of old paper, patina that forms on old bronze and the swelling of wood under moist conditions.

12. Latent Defects

Latent defects meaning faults or weaknesses in property itself.

13. Loss of Contract or Strike

“Loss of income” or “extra expense” resulting from:

- a. Loss of contract, meaning a loss that results from the expiration, suspension or cancellation of any contract, lease or order; or
- b. Strike, meaning interference by strikers or other persons with your “operations”, or with the repair, rebuilding or replacement of property at the location of the repair, rebuilding or replacement, or with the resumption of your “operations”.

14. Mechanical Breakdown

Mechanical breakdown, but this exclusion does not apply to any coverage provided in the Equipment Breakdown coverage extension.

15. Mysterious Disappearance

Mysterious disappearance of property or an inventory shortage.

16. Neglect

Neglect, meaning your failure to take all reasonable steps to protect your property when it is threatened with loss or damage and to take all reasonable steps to protect your property from further loss after loss or damage occurs.

17. Nesting or Infestation

Nesting or infestation, or the discharge or release of waste products or secretions, caused by any insects, birds, rodents or other animals.

18. “Nuclear Activity”

19. “Pollution Conditions”, except to the extent coverage is provided in the Pollution “Remediation Expenses” coverage extension.

20. “Remediation Expenses”, except to the extent coverage is provided in the Pollution “Remediation Expenses” coverage extension.

21. Seepage or Leakage of Water

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

22. Steam Vessels

Rupture, bursting or explosion of steam boilers, steam pipes, steam turbines or steam engines except to the extent coverage is provided in the Equipment Breakdown coverage extension.

23. Vacancy

Freezing, leakage or overflow from plumbing, heating, air conditioning or any other equipment or appliance in a “vacant” or unoccupied building unless:

- a. You have taken reasonable steps to maintain heat in the building; or
- b. Water was drained from the system or appliance involved, and the water supply was shut off while the building was “vacant” or unoccupied.

Also, we will not cover damage to plumbing systems located outside the perimeter of building walls or off the “premises” that results from freezing.

24. Vandalism and Malicious Mischief

Vandalism and malicious mischief if the building involved has been “vacant” for more than 60 consecutive days immediately before the loss.

25. Virus or Bacteria

Virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.

However, this exclusion does not apply to loss or damage caused by or resulting from “fungus”, wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part.

26. “War”

27. Wear and Tear

Wear and tear, deterioration, rust, corrosion, marring or scratching, erosion, decomposition, and decay. However, we will cover resulting loss or damage not otherwise excluded caused by “vehicles” or aircraft, “sprinkler leakage”, water damage, freezing, collapse of a building or falling objects.

Limitations

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

1. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
2. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.

However, these limitations do not apply to any coverage provided in Extension **4. Equipment Breakdown**.

SECTION IV - WHAT WE WILL PAY

A. Limits of Insurance

1. The most we will pay for loss or damage in any one occurrence under Coverage **A** “Real Property” and Coverage **B** “Personal Property” is the applicable Limit of Insurance shown in the Declarations.
2. The most we will pay for “loss of income” in any one occurrence under Coverage **C** “Loss of Income” is the “Loss of Income” Limit of Insurance shown in the Declarations.
3. The most we will pay for “extra expense” in any one occurrence under Coverage **D** “Extra Expense” is the “Extra Expense” Limit of Insurance shown in the Declarations.
4. If we pay the limit for any one occurrence, that will not reduce the applicable limit for any future covered loss resulting from an unrelated occurrence.

B. Valuation – Coverage A Real Property and Coverage B Personal Property

1. If “replacement cost” valuation is indicated in the Declarations, we will not pay more than the limit applicable to the lost or damaged “real property” or “personal property”. Subject to that limit, we will pay the “replacement cost” of any loss or damage to “real property” or “personal property”, less any deductible that applies, so long as:
 - a. The loss or damage to “real property” or “personal property” is actually repaired or replaced;
 - b. The repairs to or replacement of the “real property” or “personal property” are made within one year of the loss or damage;
 - c. The repairs or replacements restore the “real property” or “personal property” to the same use; and

- d. The repairs to or replacement of the “real property” or “personal property” are of the same kind and quality and at the same “premises” as the “real property” or “personal property” suffering the loss or damage, however:
 - (1) You may substitute property of a different kind or quality, but we won’t pay more than what it would cost to repair or replace the loss or damage to the “real property” or “personal property” with property of comparable kind and quality; and
 - (2) You may replace the “real property” or “personal property” suffering the loss or damage at a different location, but we won’t pay more than what it would cost to replace the loss or damage to the “real property” or “personal property” at the original “premises”.
- 2. If “replacement cost” does not apply, we will pay for loss or damage on the basis of the “actual cash value” of the “real property” or “personal property” at the time of loss. The most we will pay for loss or damage to property valued by the “actual cash value” method is the smallest of the following:
 - a. The coverage limit which applies to that property;
 - b. The “actual cash value” of the lost or damaged property; or
 - c. The amount which you actually spend to repair or replace the lost or damaged property with property of comparable kind or quality. You may substitute property of a different kind or quality, but we won’t pay more than what it would cost to replace the lost or damaged property with property of comparable kind and quality.
- 3. If “replacement cost” valuation is indicated in the Declarations, you may make a claim for loss or damage covered by this insurance on an “actual cash value” basis instead of on a “replacement cost” basis. If you elect to have loss or damage settled on an “actual cash value” basis, you may still make a claim on a “replacement cost” basis at any time within one year after the loss. However, you will only have this privilege if you comply with all the requirements of the “replacement cost” provisions.
- 4. If “replacement cost” valuation applies for Coverage **B. Personal Property**, “personal property” of others in your custody or control under the terms of a lease or rental agreement will be valued, at the time of loss or damage, based upon the terms of the applicable lease or rental agreement.

C. Valuation – Coverage C. Loss of Income and Coverage D. Extra Expense

- 1. The amount of the “loss of income” you sustain due to necessary suspension of your “operations” during the “period of restoration” will be based on:
 - a. Your net income before the direct physical loss or damage occurred;
 - b. Your likely net income if no loss or damage occurred;
 - c. The operating expenses, including payroll expenses, necessary to resume your “operations” with the same quality of service that existed just before the direct physical loss or damage; and
 - d. Other relevant sources of information, including:
 - (1) Your financial records and accounting procedures;
 - (2) Bills, invoices and other vouchers; and
 - (3) Deeds, liens or contracts.
- 2. We will reduce the amount of your “loss of income” 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 “premises” or elsewhere.
- 3. The amount of “extra expense” will be determined based on:
 - a. All expenses that exceed the normal operating expenses that would have been incurred by your “operations” during the “period of restoration” if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
 - (1) The salvage value that remains of any property bought for temporary use during the “period of restoration”, once your “operations” are resumed; and

- (2) 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
 - b. All necessary expenses that reduce the “loss of income” that otherwise would have been incurred.
- 4. We will reduce the amount of your “extra expense” loss to the extent you can return your “operations” to normal and discontinue such “extra expense”.
- 5. If you do not resume your “operations”, or do not resume your “operations” as quickly as possible, we will pay based on the length of time it would have taken to resume your “operations” as soon as possible.
- 6. If this policy expires before we have paid you all the “loss of income” or “extra expense” to which you are entitled for direct physical loss or damage that occurred during the policy period, we will continue to make payments after the expiration date.

D. Valuation – COVERAGE EXTENSIONS

“Replacement cost” applies to all Section II - Coverage Extensions unless stated otherwise in the extension, as long as the requirements in Section IV. B. 1. are met if “real property” or “personal property” is lost or damaged.

E. Deductible

- 1. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the applicable deductible. We will then pay the amount of loss or damage in excess of the deductible, up to the applicable Limit of Insurance, after any applicable deduction required by a coinsurance provision.
- 2. The deductible shown in the Declarations applies to losses under the following coverages except as otherwise specifically indicated:
 - a. “Real property”;
 - b. “Personal property”;
 - c. “Loss of income”;
 - d. “Extra expense”; and
 - e. All coverages provided under Section II - Coverage Extensions.
- 3. If more than one coverage applies to any one occurrence, we will subtract the deductible amount only once. If more than one deductible applies, we will subtract the largest applicable deductible unless indicated otherwise in this coverage part.
- 4. **Deductible Waiver.** If a loss covered under this coverage part also involves a loss under Business Auto coverage or Inland Marine coverage issued to you by us, only one deductible, the largest, will be applied. The deductible under the other policies or coverage parts will be waived.

F. Automatic Inflation Adjustment

- 1. We will automatically increase your Coverage **A** and Coverage **B** limits to keep pace with inflation. We will increase the limits by the annual percentage shown in the Declarations.
- 2. The amount of increase will be:
 - a. The limit that applied on the most recent of the policy inception date, the policy anniversary date, or any change amending the Limit of Insurance, multiplied by
 - b. The percentage of annual increase shown in the Declarations, multiplied by
 - c. The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.
- 3. Where there is a blanket limit for Coverages **A** and **B**, the most recent values we used to calculate your premium will be used to separate “real property” and “personal property” values, the separate values will be increased as if they were separate limits, and the results will be added to determine the increase in the blanket limit.

G. Other Conditions Affecting Property Losses

This sub-section explains special rules that apply to valuing some of the property covered by this coverage part. It also gives you important information about payment for losses.

- 1. Improvements by a Tenant.** If you are a tenant at a “premises” and property improvements for which you paid are lost or damaged by a “covered cause of loss” at the “premises”, we will reimburse you for repairing or replacing them. We will pay their “replacement cost” if you repair or replace them within a reasonable time after the loss at the “premises”. But we will not cover repairs or replacements which were made for your use at someone else’s expense.
 - a.** If you do not repair or replace the covered improvements within a reasonable time at the “premises”, we will pay a portion of their original cost. This will be the ratio between:
 - (1)** The length of time remaining on your lease at the time of the loss; and
 - (2)** The length of time between the making of the improvements and the expiration of the lease.
 - b.** If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease.
 - c.** If you purchased the interest in the use of improvements made by a previous tenant, we will cover them as if you had paid for them.
- 2. Property in Sets.** The loss of an article which is part of a set will not be considered a loss of the entire set. Therefore, if there is loss or damage to property which is part of a set, we will pay a fair portion of the total value of the set.
- 3. Parts.** If the loss or damage is to a part of property that consists of several parts, we will pay for only the lost or damaged part.
- 4. Exhibitions and Displays.** The most we will pay for exhibitions and displays is the amount that they cost you.
- 5. Stock.** “Stock” you have sold but not delivered will be valued at no more than the selling price less discounts and expenses you otherwise would have had.
- 6. Glass.** Glass will be valued at the cost of replacement with safety glazing material if required by law.

SECTION V - CONDITIONS

The following apply in addition to the Common Policy Conditions.

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we cannot agree with you on the amount of the loss, either of us can demand that the following procedure be used to settle the amount.

- a.** You or we will request in writing that the dispute be submitted to appraisal within 60 days from the time we receive your proof of loss. Each will then select an appraiser and notify the other of that choice within 20 days of the initial request.
- b.** The appraisers will select an impartial umpire. If they cannot agree on an umpire within 15 days, either you or we can ask that an umpire be appointed by a judge of a court having jurisdiction in the county where the property is located.
- c.** The appraisers will appraise each item for its value at the time of loss and the amount of loss. If they can’t agree, they will submit any differences to the umpire. An agreement in writing by any two of these three will determine the amount of the loss.
- d.** You will pay your appraiser and we will pay ours. Each will share equally any other costs of the appraisal and the umpire.
- e.** We will not surrender our rights by any act we take relating to an appraisal.

3. Coinsurance

If a coinsurance percentage is shown in the Declarations, the following condition applies.

- a. We will not pay the full amount of any loss if the value of covered “real property” or “personal property” at the time of loss, times the coinsurance percentage shown for it in the Declarations, is greater than the Limit of Insurance for the property.

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

- (1) Multiply the value of the property at the time of loss by the coinsurance percentage;
- (2) Divide Limit of Insurance of the property by the figure determined in step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in step (2); and
- (4) Subtract the deductible from the figure determined in step (3).

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

- b. Example (Underinsurance): The value of the property is \$250,000. The coinsurance percentage for it is 90%. The Limit of Insurance for it is \$100,000. The deductible is \$500. The amount of loss is \$40,000.

(1) Step (a) $\$250,000 \times 90\% = \$225,000$

(this is the minimum amount of insurance to meet your coinsurance requirements)

(2) Step (b): $\$100,000 \div \$225,000 = .44$

(3) Step (c): $\$40,000 \times .44 = \$17,600$

(4) Step (d): $\$17,600 - \$500 = \$17,100$

(5) We will pay no more than \$17,100. The remaining \$22,900 is not covered.

- c. You agree to keep property insured for a minimum portion of its value. That portion is the coinsurance percentage shown in the Declarations. In computing this amount, we use the “replacement cost” of property for which you have chosen “replacement cost” coverage and the “actual cash value” of all other property.
- d. We compute the minimum amount of insurance you are required to have based on the property's value at the time loss occurs. In determining the property's value for the coinsurance agreement, we do not include the following:
 - (1) The value of property covered under Section II - Coverage Extensions;
 - (2) The value of excavations; and
 - (3) The value of brick, stone or concrete foundations, including foundations of machinery or boilers, which are below the surface of the building's basement floor. If the building has no basement, we don't include the value of brick, stone, or concrete below the surface of the ground and inside the foundation walls when we compute the value of the building. Nor do we include the value of underground flues, pipes or drains.
- e. If your property is insured for the minimum amount required, this coinsurance agreement won't have any effect on what we will pay for a covered loss. We will pay up to the coverage limit applicable to the specific location and property. But if your property is insured for less than the minimum amount required, we will only pay part of your loss and you must pay the rest.
- f. When coinsurance applies, it will apply separately to each coverage limit for “real property” or “personal property” covered under this policy, unless specifically amended. However, coinsurance will not apply to losses which are less than \$10,000.

4. Concealment, Misrepresentation or Fraud

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

- a. This coverage part;
- b. The covered property;

- c. Your interest in the covered property; or
- d. A claim under this coverage part.

5. Control of Property

Any act or neglect of any person other than you, beyond your direction or control, will not affect this insurance.

The breach of any condition of this coverage part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

6. 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 property insured under this coverage part:
 - (1) Notify the police if a law may have been broken.
 - (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
 - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
 - (4) Take all reasonable steps to protect the property from further damage by a “covered cause of loss”. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs, for consideration in the settlement of the claim. This will not increase the Limit of Insurance.
 - (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 claim for any loss is less than \$10,000, you are not required to provide an inventory of the undamaged property.
 - (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records. Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
 - (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (8) Cooperate with us in the investigation or settlement of the claim.
 - (9) If you intend to continue your “operations”, you must resume all or part of them as quickly as possible. If you do not resume your “operations”, or do not resume your “operations” as quickly as possible, we will pay based on the length of time it would have taken to resume your “operations” as soon as possible.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

7. Insurance Under Two or More Coverages

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

8. Legal Action Against Us

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

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

9. Loss Payment

- a. In the event of loss or damage covered by this coverage part, 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 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 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 within 30 days after we receive the sworn proof of loss if:
 - (1) You have complied with all of the terms of this coverage part; and
 - (2) We have reached agreement with you on the amount of loss, or an appraisal award has been made.

10. Mortgage Holders

- a. The term mortgage holder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgage holder shown in the Declarations in their order of precedence, as interests 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 building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this coverage part, the mortgage holder will still have the right to receive loss payment if the mortgage holder:
 - (1) Pays any premium due under this coverage part at our request if you have failed to do so;
 - (2) Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgage holder.

All of the terms of this coverage part will then apply directly to the mortgage holder.

- e. If we pay the mortgage holder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this coverage part:
 - (1) The mortgage holder's rights 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 coverage part, 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 coverage part, we will give written notice to the mortgage holder at least 10 days before the expiration date of this policy.

11. No Benefit to Bailee

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

12. Other Insurance

- a. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this coverage part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this coverage part bears to the Limits of Insurance of all insurance covering on the same basis.
- b. If there is other insurance covering the same loss or damage, other than that described in a. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect it or not. But we will not pay more than the applicable Limit of Insurance.

13. Policy Period, Policy Territory

We will cover loss or damage commencing:

- a. During the policy period shown in the Declarations; and
- b. Within the “policy territory”.

14. 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.

15. Transfer of Rights of Recovery Against Others To Us

If any person or organization to or for whom we make payment under this coverage part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- a. Prior to a loss to your covered property or covered income; or
- b. After a loss to your covered property or covered income only if, at time of loss, that party is one of the following:
 - (1) Someone insured by this insurance;
 - (2) An organization owned by or controlled by you;
 - (3) An organization that owns you or controls you; or
 - (4) Your tenant.

This will not restrict your insurance.

SECTION VI. DEFINITIONS

1. “Accounts receivable costs” mean:
 - a. Accounts receivable due to you but which you can't collect;
 - b. Extra collection costs you incur to collect accounts receivable due to you;
 - c. Interest charges on loans you have been required to obtain to compensate for accounts receivable you can't collect when due; and
 - d. Reasonable costs of replacing your accounts receivable records.

“Accounts receivable costs” also include losses or costs you incur if you have to remove accounts receivable records from a “premises” to a place of safety in order to protect them from the threat of a “covered cause of loss”. Accounts receivable are amounts owed to you by those with whom you deal.

2. “Actual cash value” is calculated as the amount it would cost to repair or replace the damaged or destroyed property at the time of loss or damage with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence. “Actual cash value” applies to the valuation of property regardless of whether that property has sustained partial or total loss or damage. The “actual cash value” of such property may be significantly less than its “replacement cost”.

3. "Computer equipment" means your programmable electronic equipment that is used to store, retrieve and process "electronic data". It includes their component parts and air conditioning, fire suppression equipment and electrical equipment used exclusively in your computer operations as well as associated peripheral equipment that provides communication including input and output functions such as printing or auxiliary functions such as "electronic data" transmission.
4. "Computer virus" means a computer program or computer code which is entered into your computer system without your knowledge, and which causes a disruption of normal program or computer system operation, but it does not mean an error in design or a programming error. "Computer virus" also means the malicious observation, scanning or copying of data records, programs and applications and proprietary programs or media located on your computer system.
5. "Covered cause of loss" is defined in Section III - Covered Causes Of Loss.
6. "Earthquake" means all earthquake shocks that commence after the inception of this insurance. All earthquake shocks that occur within any 168 hour period will constitute a single occurrence.
7. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
8. "Emergency services equipment" means portable law enforcement, firefighting, ambulance, rescue, and communications equipment commonly used in law enforcement, firefighting, or rescue operations away from your "premises". This term includes equipment specific to law enforcement, firefighting, or rescue related activities, such as firearms, radar speed timing units, training videos, manuals and mannequins, including trailers whose primary purpose is to transport covered "emergency services equipment".

"Emergency services equipment" does not include:

- a. Aircraft, its parts or accessories;
- b. Animals;
- c. "Computer equipment" or software or other "electronic data" processing equipment except when such equipment is intended for use off your "premises" in actual emergency operations or in training for emergency operations;
- d. "Fine arts";
- e. Jewelry (except watches);
- f. "Money" and "securities";
- g. "Personal effects" belonging to you or your officers, managers, elected or appointed officials, "employees", or "volunteer workers", other than individually owned portable law enforcement, firefighting, ambulance, or rescue related equipment;
- h. "Personal property" including contents and building fixtures;
- i. Televisions, video cassette recorders, and other audio-visual equipment except when such equipment is intended for use off your "premises" in actual emergency operations or in training for emergency operations;
- j. "Tools and equipment" that are not commonly used in activities specified above;
- k. "Valuable papers and records";
- l. "Vehicles";
- m. "Watercraft" or "personal watercraft"; or
- n. Property or equipment covered under another coverage form of this or any other policy in which it is more specifically described.

9. "Employees" are people who work for you in the conduct of your ordinary activities, in return for a salary, wages or commissions. In order to be considered an "employee", a person must be subject to your exclusive direction in the performance of his or her activities. Contractors and agents are not considered to be "employees".
10. "Extra expense" means expense you incur during the "period of restoration" over and above your ordinary expenses, which are necessary to avoid or minimize the suspension of your "operations" and return to your normal "operations" after direct physical loss or damage to "real property" or "personal property" at a "premises". "Extra expenses" include expenses you incur to continue your normal "operations" at a temporary location or with substitute equipment. The most we will pay is described in the policy Declarations and under Section IV - What We Will Pay.
11. "Fine arts" means property that is rare or that has historic or artistic value, including antiques, rare articles, etchings, pictures, awards, trophies, historic memorabilia, statuary, marbles, bronzes, porcelains and similar property.
12. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
13. "Government activity" means:
 - a. The seizure or destruction of property by any government body, including any customs or quarantine action; or
 - b. Confiscation or destruction of property by order of any government or public authority, except an order to destroy property to prevent the spread of fire or explosion.
14. "Item" means a building or structure at a "premises".
15. "Loss of income" including rental value means the net income (net profit or loss before income taxes) that would have been earned in your "operations" during the "period of restoration". "Loss of income" includes continuing normal operating expenses incurred, including payroll. The most we will pay is described in the policy Declarations and under Section IV - What We Will Pay.
16. "Money" means currency, coins, bank notes, bullion, travelers' checks, registered checks and money orders held for sale.
17. "Nuclear activity" means loss from nuclear reaction, nuclear radiation or radioactive contamination, whether deliberate or accidental, controlled or uncontrolled, and whether or not the loss is direct or indirect, proximate or remote, or is contributed to or aggravated by a "covered cause of loss". But it does not include explosion, fire or smoke.
18. "Operations" means:
 - a. Your business activities; or
 - b. Your activities as a local government unit including law enforcement, firefighting, ambulance or rescue services; and
 - c. The tenantability of a "premises", if coverage for "loss of income" applies to rental value.
19. "Outdoor property" means fixed or permanent structures including but not limited to:
 - a. Docks, wharves, piers, pilings or bulkheads;
 - b. Dumpsters, concrete trash containers, or permanent recycling bins;
 - c. Electric utility power transmission and distribution lines, poles and related equipment owned by the insured;
 - d. Exterior signs not located at a "premises";
 - e. Fences or retaining walls;
 - f. Historical markers or flagpoles;
 - g. Hydrants, not associated with a "sprinkler system";
 - h. Lighting towers;

- i. Playground equipment, park shelters, pedestrian-only bridges, picnic tables, water fountains or coolers, benches, dugouts, bleachers, or scoreboards;
- j. Sirens, antennas, satellite dishes, towers, or similar structures and their associated equipment or structures, lighting towers, and lighting standards;
- k. Storage sheds, garages, pavilions or other similar buildings or structures not located at a “premises”; or
- l. Traffic lights, street lights, traffic signs, parking meters, or bus shelters.

“Outdoor Property” does not include:

- a. Bridges, other than pedestrian-only bridges, roadways, walks, curbs, or other paved surfaces;
- b. Canals, ditches, flumes, or aqueducts;
- c. Dams, locks, levees, or reservoirs; or
- d. Land, excavations, grading, or filling;
- e. “Personal property”;
- f. “Real property” at a “premises”;
- g. Sewer or waste pipes, lift stations or treatment facilities;
- h. Storm drains, storm pipes, or storm basins;
- i. Swimming pools or related equipment;
- j. “Tools and equipment”;
- k. Trees, shrubs, plants, lawns, or crops;
- l. Water;
- m. Water storage tanks of any type, underground pipes, pumps or pump houses, or fountains; or
- n. “Watercraft” or “personal watercraft”.

20. “Penstock” means a conduit constructed of man-made materials built for the purpose of conveying water to a hydroturbine. “Penstock” does not include tunnels, canals, aqueducts or similar excavations, or the cost of these excavations, which are excavated from or consist of natural materials.

21. “Period of restoration” means the period of time that:

- a. Begins with the date of direct physical loss or damage caused by or resulting from any “covered cause of loss” at a “premises”; and
- b. Ends at the earliest of:
 - (1) The date when the property is actually repaired or replaced using reasonable speed and similar quality, design, functionality and materials;
 - (2) The date when the property could have been repaired and your “operations” could have been resumed, if the damaged property had been repaired using similar quality, design, functionality and materials; or
 - (3) Twelve consecutive months after the direct physical loss or damage.

“Period of restoration” includes any increased period required to repair or reconstruct the property to comply with the minimum standards due to the enforcement of any ordinance or law in force at the time of loss that regulates the construction, use or repair or requires the tearing down of any property.

However, coverage is not extended to include loss caused by or resulting from the enforcement of or compliance with any ordinance or law which requires:

- (1) The demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by pollutants or asbestos, or due to the presence, growth, proliferation, spread or any activity of “fungus”, wet or dry rot or bacteria; or
- (2) Any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of pollutants, “fungus”, wet or dry rot, bacteria or asbestos.

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

- 22.** “Personal effects” means property that belongs to an individual and is devoted primarily to that individual's personal use; for example, clothing, eyeglasses, or individually owned portable law enforcement, firefighting, ambulance, or rescue related equipment. “Personal effects” does not include:
- a. Aircraft or its parts, accessories and equipment;
 - b. Animals;
 - c. “Fine arts” or jewelry (except watches);
 - d. “Money” and “securities”;
 - e. “Vehicles”; or
 - f. “Watercraft” or “personal watercraft”.
- 23.** “Personal property” means all property used in your “operations”, other than “real property”, including but not limited to, furnishings and office equipment, building contents, “computer equipment”, communication systems, materials, supplies (including your inventory of “vehicle” parts and supplies) while held on your “premises” awaiting installation, base stations and dispatching systems, provided the property is on your “premises” and also provided you own the property or the property is in your custody or control, and you are responsible for it, even though it belongs to someone else.
- “Personal property” also includes the value of your right to use improvements made as a tenant, if you have paid for alterations or additions to any building or structure you don't own. However, the improvements must be at a “premises”.
- “Personal property” does not include:
- a. “Accounts receivable costs”;
 - b. Aircraft or its parts, accessories and equipment;
 - c. Animals;
 - d. “Electronic data” and software;
 - e. “Emergency services equipment”;
 - f. “Fine arts” or jewelry;
 - g. Markers, tombstones and headstones not owned by you;
 - h. “Money” and “securities”;
 - i. “Personal effects” belonging to you or your officers, managers, elected or appointed officials, “employees”, or “volunteer workers”;
 - j. “Real property”;
 - k. “Tools and equipment”;
 - l. “Valuable papers and records”;
 - m. “Vehicles”;
 - n. “Watercraft” or “personal watercraft”; or
 - o. Property or equipment covered under another coverage form of this or any other policy in which it is more specifically described.
- 24.** “Personal watercraft” means a vessel which uses an inboard motor powering a water jet pump as its primary source of motive power, and which is designed to be operated by a person sitting, standing, or kneeling on the vessel, rather than the conventional manner of sitting or standing inside the vessel.
- 25.** “Policy territory” means the United States, its territories and possessions, Puerto Rico and Canada.
- 26.** “Pollution conditions” means the discharge, dispersal, release, seepage, migration, or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, hazardous materials, waste materials (including medical, infectious and pathological wastes) or electromagnetic fields into or upon land or any structures thereon, the atmosphere, or any watercourse or body of water including groundwater.

- 27.** "Premises" means a location described in the Declarations that is owned or legally occupied by you and used to conduct your "operations".
- 28.** "Real property" means "items" at a "premises" including:
- a.** Aboveground piping;
 - b.** Aboveground and belowground "penstock";
 - c.** Additions under construction;
 - d.** Air cascade units that are not designed to be used off "premises";
 - e.** All appurtenant buildings or structures other than playground equipment, park shelters, pedestrian-only bridges, picnic tables, water fountains or coolers, benches, dugouts, bleachers, or scoreboards;
 - f.** Alterations and repairs to the buildings or structures;
 - g.** Completed additions;
 - h.** Exterior signs, meaning neon, automatic, mechanical, electric or other signs either attached to the outside of a building or structure, or standing free in the open;
 - i.** Foundations;
 - j.** Materials, equipment, supplies and temporary structures you own or for which you are responsible, on the "premises" or in the open (including property inside "vehicles") within 1,000 feet of the "premises", used for making additions, alterations or repairs to buildings or structures at the "premises";
 - k.** Outdoor fixtures;
 - l.** Paved surfaces such as sidewalks, bike paths, walkways, patios or parking lots;
 - m.** Permanently installed fixtures, machinery, and equipment;
 - n.** "Personal property" used for the maintenance and service of buildings or structures, including tools, lawn care equipment, and free standing appliances for refrigerating, ventilating, cooking, dishwashing and laundering;
 - o.** Submersible pumps, pump motors and engines; or
 - p.** Underground piping located on or within 100 feet of a "premises" described in the Declarations.

"Real property" does not include:

- a.** Canals, ditches, flumes or aqueducts;
 - b.** Dams, locks, levees, or reservoirs;
 - c.** Docks, wharves, piers, pilings or bulkheads;
 - d.** Electric utility power transmission and distribution lines, poles and related equipment;
 - e.** Excavations, grading, or filling;
 - f.** Foundations of machinery or boilers if the foundations are below the lowest basement floor or the surface of the ground, if there is no basement;
 - g.** Land, including land on which the property is located;
 - h.** Pump motors and engines exceeding 1,000 horsepower capacity;
 - i.** Roadways or bridges;
 - j.** "Tools and equipment";
 - k.** Trees, shrubs, plants and lawns except as described in Section II - Coverage Extensions;
 - l.** Underground flues, drains or well structures;
 - m.** Underground piping located more than 100 feet from the "premises" described in the Declarations; or
 - n.** Water.
- 29.** "Remediation expenses" are expenses incurred for or in connection with the investigation, monitoring, removal, disposal, treatment, or neutralization of "pollution conditions" to the extent required by:

- a. Federal, state or local laws, regulations or statutes, or any subsequent amendments thereof, enacted to address “pollution conditions”; or
 - b. A legally executed state voluntary program governing the clean up of “pollution conditions”.
- 30.** “Replacement cost” is calculated as the amount it would cost, following direct physical loss or damage, to replace property with property of the same kind and quality, determined at the time of loss, without deduction for deterioration, depreciation or obsolescence. But:
- a. “Replacement cost” does not include costs arising out of the enforcement of any ordinance or law regulating the construction, use or repair of any property, or requiring the tearing down of any property, or the cost of removing its debris; and
 - b. “Replacement cost” does not apply to “stock”.
- 31.** “Securities” means negotiable and non-negotiable instruments or contracts that represent property or obligations to pay “money”. Stamps, including revenue stamps, are “securities”; so are tokens and tickets. However, stamps are covered only for their face value. “Money” is not considered to be “securities”.
- 32.** “Sinkhole collapse” means sudden sinking or collapse of land into underground empty space created by the action of water on limestone or similar rock formations. “Sinkhole collapse” does not include the cost of filling sinkholes.
- 33.** “Specified cause of loss” means fire, lightning, windstorm or hail, explosion, riot or civil commotion, “vehicles” or aircraft, smoke, sonic boom, vandalism and malicious mischief, “sprinkler leakage”, “sinkhole collapse”, “volcanic action”, falling objects, weight of ice, snow or sleet, or water damage. Water damage means only 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. “Specified cause of loss” does not include “remediation expenses” resulting from the spilling or dripping of gasoline, diesel fuel or other pollutants while being delivered by “vehicles” into storage tanks or other repositories, and/or when “vehicles” are being fueled.
- 34.** “Sprinkler leakage” means leakage or discharge of any substance from an automatic “sprinkler system”. It includes the collapse or fall of a tank that is part of a plumbing or an automatic “sprinkler system”. It also includes damage caused by breakage or freezing to parts of an automatic “sprinkler system” installed in a building, if “sprinkler leakage” results from such damage.
- 35.** “Sprinkler system” means an automatic fire protection system. Sprinkler heads, discharge nozzles and ducts, pipes, valves, fittings, tanks, tank parts and supports, pumps, and private fire protection systems which are connected to the “sprinkler system” are considered to be part of the system. So are non-automatic fire protection systems, hydrants, standpipes, and hose outlets supplied from the automatic fire protection “sprinkler system”.
- 36.** “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.
- 37.** “Tools and equipment” means all tools and equipment, together with attached devices, accessories and trailers, that are used in your “operations”. “Tools and equipment” includes, but is not limited to, hand tools, mechanics tools, power tools, meter readers, generators, air compressors, welders, trash pumps, trenchers, saws, jack hammers, maintenance or diagnostic equipment including specialized audio-visual equipment and its associated laptop, as well as recreational equipment, such as outdoor portable seating, temporary stands, food service trailers not licensed for road use, or portable restrooms.
- “Tools and equipment” also includes mobile equipment such as, but not limited to, bulldozers, mobile equipment that travels on crawler treads, tractors, loaders, backhoes, excavators, graders, or road surfacing equipment, and equipment whether self-propelled or not, maintained primarily to provide mobility to permanently mounted cranes, shovels, loaders, diggers, and drills.
- “Tools and equipment” also includes snow plows, salt spreaders, and other similar equipment when not attached to a “vehicle”.
- “Tools and equipment” does not include:
- a. Aircraft, its parts and accessories;
 - b. Animals;

- c. "Emergency services equipment";
 - d. "Fine arts";
 - e. Jewelry;
 - f. "Money" and "securities";
 - g. "Outdoor property";
 - h. "Personal effects" belonging to you or your officers, managers, elected or appointed officials, "employees", or "volunteer workers";
 - i. "Personal property", other than laptops as described above;
 - j. "Real property";
 - k. Televisions, video cassette recorders, and other audio-visual equipment other than the specialized audio visual equipment described above;
 - l. "Valuable papers and records";
 - m. "Vehicles";
 - n. "Watercraft" or "personal watercraft"; or
 - o. Property or equipment covered under another coverage form of this or any other policy in which it is more specifically described.
- 38.** "Vacant", when referring to a building, means that the building doesn't contain the "personal property" used in the "operations" ordinarily conducted there.
- 39.** "Valuable papers and records" are documents that are written, printed, or otherwise inscribed. These include:
- a. Books, manuscripts, abstracts, maps and drawings;
 - b. Film and other photographically produced records, such as slides and microfilm; and
 - c. Legal and financial agreements such as deeds and mortgages.
- But "valuable papers and records" do not include "electronic data", software, "money" or "securities".
- 40.** "Vehicle" means vehicles or their parts, accessories, and equipment if the vehicles are required by law to be licensed for highway use.
- 41.** "Volcanic action" means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:
- a. Airborne volcanic blast or airborne shock waves;
 - b. Ash, dust or particulate matter; or
 - c. Lava flow.
- All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.
- But "volcanic action" does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to covered property.
- 42.** "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.
- 43.** "War" means any of the following:
- a. War, including undeclared or civil war;
 - b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
 - c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
- 44.** "Watercraft" means any watercraft, including its motor, parts, accessories and equipment, except for rowboats and canoes that are out of the water and on your "premises".

AMENDMENT OF COVERAGE UNDERGROUND PIPING AND FLUES AND DRAINS COVERAGE

This endorsement modifies insurance provided under the following:

PROPERTY COVERAGE PART

Section VI - Definitions, Definition **28**. “Real Property” is amended as follows:

1. Item **p.** is replaced by the following:
 - p.** Underground piping, flues and drains located on or within 1,000 feet of a “premises” described in the Declarations.
2. Items **l.** and **m.** of “Real property” does not include are replaced by the following:
 - l.** Well structures;
 - m.** Underground piping, flues and drains located more than 1,000 feet from the “premises” described in the Declarations; or
3. The most we will pay for loss or damage in any one occurrence under **Coverage A** “Real Property” for underground flues and drains is \$1,000,000.

ORDINANCE COVERAGE AMENDMENT

This endorsement modifies insurance provided under the following:

PROPERTY COVERAGE PART

Schedule

| | |
|---|-----------|
| Water Treatment/Wastewater Equipment and Infrastructure Limit (Paragraphs b. and c.) | \$500,000 |
|---|-----------|

Extension 10. Ordinance Coverage under **Section II - Coverage Extensions** is replaced by the following:

10. Ordinance Coverage

When direct physical loss or damage caused by or resulting from a “covered cause of loss” occurs and “replacement cost” is indicated in the Declarations as applicable to **Coverage A**, we will pay:

- a. For loss to any undamaged portion of your “real property” that sustained the direct damage caused by, and as a consequence of the enforcement of any law or ordinance that:
 - (1) Requires the demolition of parts of your “real property” not damaged by a “covered cause of loss”;
 - (2) Regulates the construction or repair of buildings or establishes zoning or land use requirements at a “premises”; and
 - (3) Is in force at the time of loss;
- b. The cost to demolish and clear the site of the undamaged part of the property that sustained the direct damage caused by, and as a consequence of the enforcement of a building, zoning or land use ordinance or law; and
- c. The increased cost to repair, rebuild or construct the “real property” that sustained the direct damage caused by, and as a consequence of the enforcement of a building, zoning or land use ordinance or law, in addition to the “replacement cost” of the “real property” suffering the loss or damage.

The total paid for any “item”, as described on the statement of values on file with the company, under paragraph a. above shall be included within the **Coverage A** Limit of Insurance applicable to that “item” and shall not increase that limit. The most we will pay under paragraphs b. and c. above shall not exceed 100% of the amount paid under this coverage part for the initial direct physical loss or damage to that “item” or \$1,000,000, whichever is greater. However, with respect to water treatment or wastewater processing equipment or infrastructure the most we will pay under paragraphs b. and c. above shall be the lesser of the limit shown in the above Schedule or 100% of the amount paid under this coverage part for the initial direct physical loss or damage to that “item”.

Coverage under this extension applies only in response to the minimum requirements of the ordinance or law pertaining to that “item”. Losses or costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this endorsement.

Under this extension, we will not pay any costs:

- (1) Unless you actually repair, rebuild or reconstruct the damaged “real property”;
- (2) Due to an ordinance or law that was in effect before the loss or damage occurred, and with which you failed to comply even though you were required to do so;

- (3) Associated with “remediation expenses”; or
- (4) Due to “fungus”, wet rot, or dry rot.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CRISIS INCIDENT RESPONSE COVERAGE MUNICIPALITIES AND SPECIAL DISTRICTS

This endorsement modifies insurance provided under the following:

PROPERTY COVERAGE PART

SCHEDULE

Crisis Incident Limit of Insurance: \$ 25,000 Any One Crisis Incident

The following coverage is added with respect to your "operations" other than your "operations" as an educational institution.

A. Crisis Response Management Expense

We will pay "crisis response management expense" incurred by you as a result of a covered "crisis incident".

B. Post-Crisis Counseling Services

We will pay expenses incurred by you for "post-crisis counseling services" provided to your "employee(s)" or "volunteer worker(s)" following a covered "crisis incident".

C. Loss Payment

The most we will pay in any one "crisis incident" is the lesser of:

1. The actual cost you incur for all "crisis response management expense" and "post-crisis counseling services"; or
2. The Crisis Incident Limit of Insurance shown in the Schedule above.

The "crisis response management expense" and the cost for "post-crisis counseling services" must be incurred and submitted within 12 months of the first published news media report. The expiration of this policy will not reduce the 12 month period.

D. Deductible

No deductible applies to this coverage.

E. Definitions

1. "Crisis incident" means any of the following acts that result in significant "news media coverage" of the named insured:
 - a. An actual, attempted, or threatened violent act occurring at a "premises" committed with malicious intent to cause "serious bodily injury" or death to a person or person(s); the abduction or kidnapping of a person from a "premises"; or a sexual assault at a "premises".
 - b. A criminal act which is alleged to have been committed by an "employee" or "volunteer worker" of your organization, including but not limited to arson, theft, or sexual assault.

c. The performance of your "operations" in response to an "emergency situation".

All related acts committed by one or more individual(s) shall be considered one "crisis incident."

2. "Crisis response management expense" means the reasonable and necessary expense charged by an independent public relations or other crisis communications firm to restore your public image that has been damaged by a covered "crisis incident".
3. "Emergency situation" means an unexpected situation demanding an immediate official action.
4. "News media coverage" means an oral or written publication, in any manner, by a news organization.
5. "Post-crisis counseling services" means the reasonable and necessary expense you incur for independent professional counseling or pastoral services provided to your "employee(s)" or "volunteer worker(s)" as a result of emotional strain due to a covered "crisis incident" involving one of the following:
 - a. The death or "serious bodily injury" of another "employee", "volunteer worker", or family member of the "employee" or "volunteer worker";
 - b. Three or more deaths; or
 - c. The death or "serious bodily injury" of a child."Post-crisis counseling services" will not be provided to any "employee" or "volunteer worker" who was responsible for, or participated in acts described in **1.a.** or **1.b.** above.
6. "Serious bodily injury" means any injury to a person that creates substantial risk of death, serious permanent disfigurement, or protracted loss or impairment of the function of any bodily member or organ.

F. Other Provisions

The coverage provided by this endorsement is separate from any other property coverage provided by the coverage part to which it is attached. However, **Section V - Conditions** and **Section VI - Definitions** of the Property Coverage Form will apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EQUIPMENT BREAKDOWN COVERAGE LIMIT OF INSURANCE REAL PROPERTY AND PERSONAL PROPERTY

This endorsement modifies insurance provided under the following:

PROPERTY COVERAGE PART

Section II - Coverage Extensions, Extension 4. Equipment Breakdown, Paragraph a. is deleted and replaced with the following:

- a. We will pay for direct physical damage to covered "real property" or "personal property" and "loss of income" sustained and "extra expense" incurred that is the result of an "accident" or "electronic circuitry impairment". We will consider "electronic circuitry impairment" to be physical damage to "covered equipment".

The most we will pay for loss or damage under this Coverage Extension for any "one equipment breakdown" is the limit for "real property" and "personal property" for the applicable "premises". The most we will pay for "loss of income" in any "one equipment breakdown" is the Limit of Insurance shown in the Declarations under Coverage C "Loss of Income". The most we will pay for "extra expense" in any "one equipment breakdown" is the Limit of Insurance shown in the Declarations under Coverage D "Extra Expense". However, in no event, will we pay more than \$150,000,000 for all combined loss and expense for any "one equipment breakdown". The limits in this extension are part of and not in addition to the limits applicable to Section I - Coverages.

Named Insured:
NICHOLAS COUNTY WATER DISTRICT

Policy Number:
GPNU-PF-0002291-00/000

Policy Period: From 01-03-2020
To 01-03-2021

GOVERNMENT CRIME COVERAGE PART DECLARATIONS

SCHEDULE OF CRIME COVERAGE

| <u>Insuring Agreement</u> | <u>Limit of Insurance</u> | <u>Deductible Amount</u> |
|---|---------------------------|--------------------------|
| Employee Theft <input checked="" type="checkbox"/> Includes Faithful Performance | \$10,000 per Loss | \$ 500 per Loss |
| Forgery or Alteration | \$10,000 per Occurrence | \$ 500 per Occurrence |
| Inside the Premises – Theft of Money & Securities | \$10,000 per Occurrence | \$ 500 per Occurrence |
| Inside the Premises – Robbery/Safe Burglary | \$5,000 per Occurrence | \$ 500 per Occurrence |
| Outside the Premises | \$10,000 per Occurrence | \$ 500 per Occurrence |
| Computer and Funds Transfer Fraud | \$20,000 per Occurrence | \$ 500 per Occurrence |
| Money Orders | \$10,000 per Occurrence | \$ 500 per Occurrence |
| Fraudulent Impersonation | \$10,000 per Occurrence | \$ 500 per Occurrence |

CRIME FORMS

See Schedule of Forms and Endorsements.

Employee Benefit Plan(s) included as Insureds:

GOVERNMENT CRIME COVERAGE FORM (LOSS SUSTAINED FORM)

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

Throughout this policy the words “you” and “your” refer to the Named Insured shown in the Declarations. The words “we”, “us” and “our” refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F. Definitions**.

A. Insuring Agreements

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

1. Employee Theft – Per Loss Coverage

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

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

2. Employee Theft – Per Employee Coverage

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

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

3. Forgery Or Alteration

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

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

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

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

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

b. If you are sued for refusing to pay any instrument covered in Paragraph **3.a.**, on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense. The amount that we will pay for such legal expenses is in addition to the Limit of Insurance applicable to this Insuring Agreement.

4. Inside The Premises – Theft Of Money And Securities

We will pay for:

a. Loss of “money” and “securities” inside the “premises” or “financial institution premises”:

(1) Resulting directly from “theft” committed by a person present inside such “premises” or “financial institution premises”; or

(2) Resulting directly from disappearance or destruction.

- b. Loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "theft" of "money" and "securities" if you are the owner of the "premises" or are liable for damage to it.
- c. Loss of or damage to a locked safe, vault, cash register, cash box or cash drawer located inside the "premises" resulting directly from an actual or attempted "theft" of or unlawful entry into those containers.

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

We will pay for:

- a. Loss of or damage to "other property":
 - (1) Inside the "premises" resulting directly from an actual or attempted "robbery" of a "custodian"; or
 - (2) Inside the "premises" in a safe or vault resulting directly from an actual or attempted "safe burglary".
- b. Loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "robbery" or "safe burglary" of "other property" if you are the owner of the "premises" or are liable for damage to it.
- c. Loss of or damage to a locked safe or vault located inside the "premises" resulting directly from an actual or attempted "robbery" or "safe burglary".

6. Outside The Premises

We will pay for:

- a. Loss of "money" and "securities" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from "theft", disappearance or destruction.
- b. Loss of or damage to "other property" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from an actual or attempted "robbery".

7. Computer And Funds Transfer Fraud

a. We will pay for:

- (1) Loss resulting directly from a fraudulent:
 - (a) Entry of "electronic data" or "computer program" into; or
 - (b) Change of "electronic data" or "computer program" within; any "computer system" owned, leased or operated by you, provided the fraudulent entry or fraudulent change causes, with regard to Paragraphs 7.a.(1)(a) and 7.a.(1)(b):
 - (i) "Money", "securities" or "other property" to be transferred, paid or delivered; or
 - (ii) Your account at a "financial institution" to be debited or deleted.
 - (2) Loss resulting directly from a "fraudulent instruction" directing a "financial institution" to debit your "transfer account" and to transfer, pay or deliver "money" or "securities" from that account.
- b. As used in Paragraph 7.a.(1), fraudulent entry or fraudulent change of "electronic data" or "computer program" shall include such entry or change made by an "employee" acting, in good faith, upon a "fraudulent instruction" received from a computer software contractor who has a written agreement with you to design, implement or service "computer programs" for a "computer system" covered under this Insuring Agreement.

8. Money Orders And Counterfeit Money

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

- a. Money orders issued by any post office, express company or "financial institution" that are not paid upon presentation; or

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

9. Fraudulent Impersonation

a. "Employees"

We will pay for loss resulting directly from your having, in good faith, transferred "money", "securities" or "other property" in reliance upon a "transfer instruction" purportedly issued by an "employee", but which "transfer instruction" proves to have been fraudulently issued by an imposter without the knowledge or consent of such person.

b. "Customers" And "Vendors"

We will pay for loss resulting directly from your having, in good faith, transferred "money", "securities" or "other property" in reliance upon a "transfer instruction" purportedly issued by your "customer" or "vendor", but which "transfer instruction" proves to have been fraudulently issued by an imposter without the knowledge or consent of the "customer" or "vendor".

c. Verification

If the Limit of Insurance shown in the Declarations is \$100,000 or greater, the following is a precondition to coverage under this Agreement:

You shall verify all "transfer instructions" for amounts greater than or equal to \$25,000. This verification will be in accordance with a pre-arranged callback or other established verification procedure before acting upon any such "transfer instruction".

B. Limit Of Insurance

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

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

C. Deductible

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

D. Exclusions

1. This insurance does not cover:

a. Acts Committed By You

Loss resulting from "theft" or any other dishonest act committed by you, whether acting alone or in collusion with other persons.

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

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

c. Acts Committed By Your Officials, Employees Or Representatives

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

- (1) Whether acting alone or in collusion with other persons; or
 - (2) While performing services for you or otherwise;
- except when covered under Insuring Agreement **A.1.** or **A.2.**

d. Confidential Or Personal Information

Loss resulting from:

- (1) The disclosure or use of another person's or organization's confidential or personal information; or
- (2) The disclosure of your confidential or personal information. However, this Paragraph **1.d.(2)** does not apply to loss otherwise covered under this insurance that results directly from the use of your confidential or personal information.

For the purposes of this exclusion, confidential or personal information includes, but is not limited to, patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

e. Data Security Breach

Fees, costs, fines, penalties and other expenses incurred by you which are related to the access to or disclosure of another person's or organization's confidential or personal information including, but not limited to, patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

f. Governmental Action

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

g. Indirect Loss

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

- (1) Your inability to realize income that you would have realized had there been no loss of or damage to "money", "securities" or "other property";
- (2) Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this insurance; or
- (3) Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance.

h. Legal Fees, Costs And Expenses

Fees, costs and expenses incurred by you which are related to any legal action, except when covered under Insuring Agreement **A.3**.

i. Nuclear Hazard

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

j. Pollution

Loss or damage caused by or resulting from pollution. Pollution means the discharge, dispersal, seepage, migration, release or escape of any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

k. War And Military Action

Loss or damage resulting from:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

2. Insuring Agreements A.1. and A.2. do not cover:

a. Bonded Employees

Loss caused by any "employee" required by law to be individually bonded.

b. Inventory Shortages

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

- (1) An inventory computation; or
- (2) A profit and loss computation.

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

c. Trading

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

d. Treasurers Or Tax Collectors

Loss caused by any treasurer or tax collector by whatever name known, other than a student enrolled in a school under your jurisdiction while the student is handling or has possession of property or funds in connection with sanctioned student activities.

3. Insuring Agreements A.4., A.5. and A.6. do not cover:

a. Accounting Or Arithmetical Errors Or Omissions

Loss resulting from accounting or arithmetical errors or omissions.

b. Exchanges Or Purchases

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

c. Fire

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

- (1) Loss of or damage to "money" and "securities"; and
- (2) Loss from damage to a safe or vault.

d. Money Operated Devices

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

e. Motor Vehicles Or Equipment And Accessories

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

f. Transfer Or Surrender Of Property

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

- (a) On the basis of unauthorized instructions; or
- (b) As a result of a threat including, but not limited to:
 - (i) A threat to do bodily harm to any person;
 - (ii) A threat to do damage to any property;
 - (iii) A threat to introduce a denial of service attack into any "computer system";
 - (iv) A threat to introduce a virus or other malicious instruction into any "computer system" which is designed to damage, destroy or corrupt "electronic data" or "computer programs" stored within the "computer system"; or
 - (v) A threat to disseminate, divulge or utilize:
 - i. Your confidential information;
 - ii. Confidential or personal information of another person or organization; or
 - iii. Weaknesses in the source code within any "computer system".

(2) However, this Exclusion does not apply under Insuring Agreement **A.6.** to loss of "money", "securities" or "other property" while outside the "premises" in the care and custody of a "messenger" if you:

- (a) Had no knowledge of any threat at the time the conveyance began; or
- (b) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

g. Vandalism

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

h. Voluntary Parting Of Title To Or Possession Of Property

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

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

a. Authorized Access

Loss resulting from a fraudulent:

- (1) Entry of "electronic data" or "computer program" into; or
- (2) Change of "electronic data" or "computer program" within;

any "computer system" owned, leased or operated by you by a person or organization with authorized access to that "computer system", except when covered under Insuring Agreement **A.7.b.**

b. Credit Card Transactions

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

c. Exchanges Or Purchases

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

d. Fraudulent Instructions

Loss resulting from an "employee" or "financial institution" acting upon any instruction to:

- (1) Transfer, pay or deliver "money", "securities" or "other property"; or
- (2) Debit or delete your account;

which instruction proves to be fraudulent, except when covered under Insuring Agreement **A.7.a.(2)** or **A.7.b.**

e. Inventory Shortages

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

- (1) An inventory computation; or
- (2) A profit and loss computation.

E. Conditions

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

1. Conditions Applicable To All Insuring Agreements

a. Additional Premises Or Employees

If, while this insurance is in force, you establish any additional "premises" or hire additional "employees", such "premises" and "employees" shall automatically be covered under this insurance. Notice to us of an increase in the number of "premises" or "employees" is not required and no additional premium will be charged for the remainder of the Policy Period shown in the Declarations.

b. Concealment, Misrepresentation Or Fraud

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

- (1) This insurance;
- (2) The property covered under this insurance;
- (3) Your interest in the property covered under this insurance; or
- (4) A claim under this insurance.

c. Cooperation

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

d. Duties In The Event Of Loss

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

- (1) Notify us as soon as possible. If you have reason to believe that any loss (except for loss covered under Insuring Agreement **A.1.**, **A.2.** or **A.3.**) involves a violation of law, you must also notify the local law enforcement authorities;
- (2) Give us a detailed, sworn proof of loss within 120 days;
- (3) Cooperate with us in the investigation and settlement of any claim;
- (4) Produce for our examination all pertinent records;
- (5) Submit to examination under oath at our request and give us a signed statement of your answers; and
- (6) Secure all of your rights of recovery against any person or organization responsible for the loss and do nothing to impair those rights.

e. Employee Benefit Plans

The employee benefit plans shown in the Declarations (hereafter referred to as Plan) are included as Insureds under Insuring Agreement **A.1.** or **A.2.**, subject to the following:

- (1) Any payment we make for loss sustained by any Plan will be made to the Plan sustaining the loss.
- (2) The Deductible Amount applicable to Insuring Agreement **A.1.** or **A.2.** does not apply to loss sustained by any Plan.

f. Extended Period To Discover Loss

We will pay for loss that you sustained prior to the effective date of cancellation of this insurance, which is “discovered” by you no later than one year from the date of that cancellation.

However, this extended period to “discover” loss terminates immediately upon the effective date of any other insurance obtained by you, whether from us or another insurer, replacing in whole or in part the coverage afforded under this insurance, whether or not such other insurance provides coverage for loss sustained prior to its effective date.

g. Joint Insured

- (1) If more than one Insured is named in the Declarations, the first Named Insured will act for itself and for every other Insured for all purposes of this insurance. If the first Named Insured ceases to be covered, then the next Named Insured will become the first Named Insured.
- (2) If any Insured or official of that Insured has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every Insured.
- (3) An “employee” of any Insured is considered to be an “employee” of every Insured.

- (4) If this insurance or any of its coverages are cancelled as to any Insured, loss sustained by that Insured is covered only if it is “discovered” by you no later than one year from the date of that cancellation.

However, this extended period to “discover” loss terminates immediately upon the effective date of any other insurance obtained by that Insured, whether from us or another insurer, replacing in whole or in part the coverage afforded under this insurance, whether or not such other insurance provides coverage for loss sustained prior to its effective date.

- (5) We will not pay more for loss sustained by more than one Insured than the amount we would pay if all such loss had been sustained by one Insured.
- (6) Payment by us to the first Named Insured for loss sustained by any Insured, or payment by us to any employee benefit plan for loss sustained by that Plan, shall fully release us on account of such loss.

h. Legal Action Against Us

You may not bring any legal action against us involving loss:

- (1) Unless you have complied with all the terms of this insurance;
- (2) Until 90 days after you have filed proof of loss with us; and
- (3) Unless brought within two years from the date you “discovered” the loss.

If any limitation in this Condition is prohibited by law, such limitation is amended so as to equal the minimum period of limitation provided by such law.

i. Liberalization

If we adopt any revision that would broaden the coverage under this insurance without additional premium within 45 days prior to or during the Policy Period shown in the Declarations, the broadened coverage will immediately apply to this insurance.

j. Loss Sustained During Prior Insurance Issued By Us Or Any Affiliate

(1) Loss Sustained Partly During This Insurance And Partly During Prior Insurance

If you “discover” loss during the Policy Period shown in the Declarations, resulting directly from an “occurrence” taking place:

- (a) Partly during the Policy Period shown in the Declarations; and
- (b) Partly during the Policy Period(s) of any prior cancelled insurance that we or any affiliate issued to you or any predecessor in interest;

and this insurance became effective at the time of cancellation of the prior insurance, we will first settle the amount of loss that you sustained during this Policy Period. We will then settle the remaining amount of loss that you sustained during the Policy Period(s) of the prior insurance.

(2) Loss Sustained Entirely During Prior Insurance

If you “discover” loss during the Policy Period shown in the Declarations, resulting directly from an “occurrence” taking place entirely during the Policy Period(s) of any prior cancelled insurance that we or any affiliate issued to you or any predecessor in interest, we will pay for the loss, provided:

- (a) This insurance became effective at the time of cancellation of the prior insurance; and
- (b) The loss would have been covered under this insurance had it been in effect at the time of the “occurrence”.

We will first settle the amount of loss that you sustained during the most recent prior insurance. We will then settle any remaining amount of loss that you sustained during the Policy Period(s) of any other prior insurance.

- (3) In settling loss under Paragraphs **j.(1)** and **j.(2)**:

- (a) The most we will pay for the entire loss is the highest single Limit of Insurance applicable during the period of loss, whether such limit was written under this insurance or was written under the prior insurance issued by us.
- (b) We will apply the applicable Deductible Amount shown in the Declarations to the amount of loss sustained under this insurance. If no loss was sustained under this insurance, we will apply the Deductible Amount shown in the Declarations to the amount of loss sustained under the most recent prior insurance.

If the Deductible Amount is larger than the amount of loss sustained under this insurance, or the most recent prior insurance, we will apply the remaining Deductible Amount to the remaining amount of loss sustained during the prior insurance.

We will not apply any other Deductible Amount that may have been applicable to the loss.

- (4) The following examples demonstrate how we will settle losses subject to this Condition:

Example Number 1:

The insured sustained a covered loss of \$10,000 resulting directly from an "occurrence" taking place during the terms of Policy **A** and Policy **B**.

Policy A

The current policy. Written at a Limit of Insurance of \$50,000 and a Deductible Amount of \$5,000.

Policy B

Issued prior to Policy **A**. Written at a Limit of Insurance of \$50,000 and a Deductible Amount of \$5,000.

Settlement of Loss

The amount of loss sustained under Policy **A** is \$2,500 and under Policy **B**, \$7,500.

The highest single Limit of Insurance applicable to this entire loss is \$50,000 written under Policy **A**. The Policy **A** Deductible Amount of \$5,000 applies. The loss is settled as follows:

- (a) The amount of loss sustained under Policy **A** (\$2,500) is settled first. The amount we will pay is nil (\$0.00) because the amount of loss is less than the Deductible Amount (i.e., \$2,500 loss - \$5,000 deductible = \$0.00).
- (b) The remaining amount of loss sustained under Policy **B** (\$7,500) is settled next. The amount recoverable is \$5,000 after the remaining Deductible Amount from Policy **A** of \$2,500 is applied to the loss (i.e., \$7,500 loss - \$2,500 deductible = \$5,000).

The most we will pay for this loss is \$5,000.

Example Number 2:

The insured sustained a covered loss of \$250,000 resulting directly from an "occurrence" taking place during the terms of Policy **A** and Policy **B**.

Policy A

The current policy. Written at a Limit of Insurance of \$125,000 and a Deductible Amount of \$10,000.

Policy B

Issued prior to Policy **A**. Written at a Limit of Insurance of \$150,000 and a Deductible Amount of \$25,000.

Settlement of Loss

The amount of loss sustained under Policy **A** is \$175,000 and under Policy **B**, \$75,000.

The highest single Limit of Insurance applicable to this entire loss is \$150,000 written under Policy **B**. The Policy **A** Deductible Amount of \$10,000 applies. The loss is settled as follows:

- (a) The amount of loss sustained under Policy **A** (\$175,000) is settled first. The amount we will pay is the Policy **A** Limit of \$125,000 because \$175,000 loss - \$10,000 deductible = \$165,000 which is greater than the \$125,000 policy limit.
- (b) The remaining amount of loss sustained under Policy **B** (\$75,000) is settled next. The amount we will pay is \$25,000 (i.e., \$150,000 Policy **B** limit - \$125,000 paid under Policy **A** = \$25,000).

The most we will pay for this loss is \$150,000.

Example Number 3:

The insured sustained a covered loss of \$2,000,000 resulting directly from an "occurrence" taking place during the terms of Policies **A**, **B**, **C** and **D**.

Policy A

The current policy. Written at a Limit of Insurance of \$1,000,000 and a Deductible Amount of \$100,000.

Policy B

Issued prior to Policy **A**. Written at a Limit of Insurance of \$750,000 and a Deductible Amount of \$75,000.

Policy C

Issued prior to Policy **B**. Written at a Limit of Insurance of \$500,000 and a Deductible Amount of \$50,000.

Policy D

Issued prior to Policy **C**. Written at a Limit of Insurance of \$500,000 and a Deductible Amount of \$50,000.

Settlement of Loss

The amount of loss sustained under Policy **A** is \$350,000, under Policy **B**, \$250,000, under Policy **C**, \$600,000 and under Policy **D**, \$800,000.

The highest single Limit of Insurance applicable to this entire loss is \$1,000,000 written under Policy **A**. The Policy **A** Deductible Amount of \$100,000 applies. The loss is settled as follows:

- (a) The amount of loss sustained under Policy **A** (\$350,000) is settled first. The amount we will pay is \$250,000 (i.e., \$350,000 loss - \$100,000 deductible = \$250,000).
- (b) The amount of loss sustained under Policy **B** (\$250,000) is settled next. The amount we will pay is \$250,000 (no deductible is applied).
- (c) The amount of loss sustained under Policy **C** (\$600,000) is settled next. The amount we will pay is \$500,000, the policy limit (no deductible is applied).
- (d) We will not make any further payment under Policy **D** as the maximum amount payable under the highest single Limit of Insurance applying to the loss of \$1,000,000 under Policy **A** has been satisfied.

The most we will pay for this loss is \$1,000,000.

k. Loss Sustained During Prior Insurance Not Issued By Us Or Any Affiliate

- (1) If you "discover" loss during the Policy Period shown in the Declarations, resulting directly from an "occurrence" taking place during the policy period of any prior cancelled insurance that was issued to you or a predecessor in interest by another company, and the period of time to discover loss under that insurance had expired, we will pay for the loss under this insurance, provided:

- (a) This insurance became effective at the time of cancellation of the prior insurance; and

- (b) The loss would have been covered under this insurance had it been in effect at the time of the “occurrence”.
- (2) In settling loss subject to this Condition:
 - (a) The most we will pay for the entire loss is the lesser of the Limits of Insurance applicable during the period of loss, whether such limit was written under this insurance or was written under the prior cancelled insurance.
 - (b) We will apply the applicable Deductible Amount shown in the Declarations to the amount of loss sustained under the cancelled insurance.
- (3) The insurance provided under this Condition is subject to the following:
 - (a) If loss covered under this Condition is also partially covered under Condition **E.1.j.**, the amount recoverable under this Condition is part of, not in addition to, the amount recoverable under Condition **E.1.j.**
 - (b) For loss covered under this Condition that is not subject to Paragraph **k.(3)(a)**, the amount recoverable under this Condition is part of, not in addition to, the Limit of Insurance applicable to the loss covered under this insurance and is limited to the lesser of the amount recoverable under:
 - (i) This insurance as of its effective date; or
 - (ii) The prior cancelled insurance had it remained in effect.

I. Other Insurance

If other valid and collectible insurance is available to you for loss covered under this insurance, our obligations are limited as follows:

(1) Primary Insurance

When this insurance is written as primary insurance, and:

- (a) You have other insurance subject to the same terms and conditions as this insurance, we will pay our share of the covered loss. Our share is the proportion that the applicable Limit of Insurance shown in the Declarations bears to the total limit of all insurance covering the same loss.
- (b) You have other insurance covering the same loss other than that described in Paragraph **I.(1)(a)**, we will only pay for the amount of loss that exceeds:
 - (i) The Limit of Insurance and Deductible Amount of that other insurance, whether you can collect on it or not; or
 - (ii) The Deductible Amount shown in the Declarations;
 whichever is greater. Our payment for loss is subject to the terms and conditions of this insurance.

(2) Excess Insurance

- (a) When this insurance is written excess over other insurance, we will only pay for the amount of loss that exceeds the Limit of Insurance and Deductible Amount of that other insurance, whether you can collect on it or not. Our payment for loss is subject to the terms and conditions of this insurance.
- (b) However, if loss covered under this insurance is subject to a Deductible, we will reduce the Deductible Amount shown in the Declarations by the sum total of all such other insurance plus any Deductible Amount applicable to that other insurance.

m. Ownership Of Property; Interests Covered

The property covered under this insurance is limited to property:

- (1) That you own or lease;
- (2) That is held by you in any capacity; or
- (3) For which you are legally liable, provided you were liable for the property prior to the time the loss was sustained.

However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization. Any claim for loss that is covered under this insurance must be presented by you.

n. Records

You must keep records of all property covered under this insurance so we can verify the amount of any loss.

o. Recoveries

(1) Any recoveries, whether effected before or after any payment under this insurance, whether made by us or by you, shall be applied net of the expense of such recovery:

- (a) First, to you in satisfaction of your covered loss in excess of the amount paid under this insurance;
- (b) Second, to us in satisfaction of amounts paid in settlement of your claim;
- (c) Third, to you in satisfaction of any Deductible Amount; and
- (d) Fourth, to you in satisfaction of any loss not covered under this insurance.

(2) Recoveries do not include any recovery:

- (a) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
- (b) Of original "securities" after duplicates of them have been issued.

p. Territory

This insurance covers loss that you sustain resulting directly from an "occurrence" taking place within the United States of America (including its territories and possessions) and Puerto Rico.

q. Transfer Of Your Rights Of Recovery Against Others To Us

You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.

r. Valuation – Settlement

The value of any loss for purposes of coverage under this policy shall be determined as follows:

(1) Money

Loss of "money" but only up to and including its face value.

(2) Securities

Loss of "securities" but only up to and including their value at the close of business on the day the loss was "discovered". We may, at our option:

- (a) Pay the market value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or
- (b) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:
 - (i) Market value of the "securities" at the close of business on the day the loss was "discovered"; or
 - (ii) Limit of Insurance applicable to the "securities".

(3) Property Other Than Money And Securities

- (a) Loss of or damage to "other property" or loss from damage to the "premises" or its exterior for the replacement cost of the property without deduction for depreciation. However, we will not pay more than the least of the following:

- (i) The Limit of Insurance applicable to the lost or damaged property;
 - (ii) The cost to replace the lost or damaged property with property of comparable material and quality and used for the same purpose; or
 - (iii) The amount you actually spend that is necessary to repair or replace the lost or damaged property;
- (b) We will not pay on a replacement cost basis for any loss or damage to property covered under Paragraph **r.(3)(a)**:
- (i) Until the lost or damaged property is actually repaired or replaced; and
 - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.
- If the lost or damaged property is not repaired or replaced, we will pay on an actual cash value basis.
- (c) Any property that we pay for or replace becomes our property.

2. Conditions Applicable To Insuring Agreements A.1. And A.2.

a. Indemnification

We will indemnify any of your officials who are required by law to give individual bonds for the faithful performance of their duties against loss through “theft” committed by “employees” who serve under them, subject to the applicable Limit of Insurance.

b. Termination As To Any Employee

These Insuring Agreements terminate as to any “employee”:

(1) As soon as:

(a) You; or

(b) Any of your officials or employees authorized to manage, govern or control your “employees” not in collusion with the “employee”;

learn of “theft” or any other dishonest act committed by the “employee” whether before or after becoming employed by you; or

(2) On the date specified in a notice mailed to the first Named Insured. That date will be at least 30 days after the date of mailing.

We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

c. Territory

We will pay for loss caused by any “employee” while temporarily outside the territory specified in Territory Condition **E.1.p.** for a period of not more than 90 consecutive days.

3. Conditions Applicable To Insuring Agreement A.3.

a. Deductible Amount

The Deductible Amount does not apply to legal expenses paid under Insuring Agreement **A.3.**

b. Electronic And Mechanical Signatures

We will treat signatures that are produced or reproduced electronically, mechanically or by other means the same as handwritten signatures.

c. Proof Of Loss

You must include with your proof of loss any instrument involved in that loss, or, if that is not possible, an affidavit setting forth the amount and cause of loss.

d. Territory

We will cover loss that you sustain resulting directly from an “occurrence” taking place anywhere in the world. Territory Condition **E.1.p.** does not apply to Insuring Agreement **A.3.**

4. Conditions Applicable To Insuring Agreements A.5. And A.6.

a. Armored Motor Vehicle Companies

Under Insuring Agreement **A.6.**, we will only pay for the amount of loss you cannot recover:

- (1) Under your contract with the armored motor vehicle company; and
- (2) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

b. Special Limit Of Insurance For Specified Property

We will only pay up to \$5,000 for any one "occurrence" of loss of or damage to manuscripts, drawings, or records of any kind, or the cost of reconstructing them or reproducing any information contained in them.

5. Conditions Applicable To Insuring Agreement A.7.

a. Special Limit Of Insurance For Specified Property

We will only pay up to \$5,000 for any one "occurrence" of loss of or damage to manuscripts, drawings, or records of any kind, or the cost of reconstructing them or reproducing any information contained in them.

b. Territory

We will cover loss that you sustain resulting directly from an "occurrence" taking place anywhere in the world. Territory Condition **E.1.p.** does not apply to Insuring Agreement **A.7.**

6. Condition Applicable To Insuring Agreement A.9.

Territory

We will cover loss that you sustain resulting directly from an "occurrence" taking place anywhere in the world.

F. Definitions

1. "Computer program" means a set of related electronic instructions, which direct the operation and function of a computer or devices connected to it, which enable the computer or devices to receive, process, store or send "electronic data".
2. "Computer system" means:
 - a. Computers, including Personal Digital Assistants (PDAs) and other transportable or handheld devices, electronic storage devices and related peripheral components;
 - b. Systems and applications software; and
 - c. Related communications networks;by which "electronic data" is collected, transmitted, processed, stored or retrieved.
3. "Counterfeit money" means an imitation of "money" which is intended to deceive and to be taken as genuine.
4. "Custodian" means you, or any "employee" while having care and custody of property inside the "premises", excluding any person while acting as a "watchperson" or janitor.
5. "Customer" means an entity or individual to whom you sell goods or provide services under a written contract.
6. "Discover" or "discovered" means the time when you first become aware of facts which would cause a reasonable person to assume that a loss of a type covered by this insurance has been or will be incurred, regardless of when the act or acts causing or contributing to such loss occurred, even though the exact amount or details of loss may not then be known.

"Discover" or "discovered" also means the time when you first receive notice of an actual or potential claim in which it is alleged that you are liable to a third party under circumstances which, if true, would constitute a loss under this insurance.

7. "Electronic data" means information, facts, images or sounds stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software) on data storage devices, including hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.
8. "Employee":
- a. Means:
 - (1) Any natural person:
 - (a) While in your service and for the first 30 days immediately after termination of service, unless such termination is due to "theft" or any other dishonest act committed by the "employee";
 - (b) Whom you compensate directly by salary, wages or commissions; and
 - (c) Whom you have the right to direct and control while performing services for you;
 - (2) Any natural person who is furnished temporarily to you:
 - (a) To substitute for a permanent "employee" as defined in Paragraph 8.a.(1), who is on leave; or
 - (b) To meet seasonal or short-term workload conditions; while that person is subject to your direction and control and performing services for you;
 - (3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary "employee" as defined in Paragraph 8.a.(2);
 - (4) Any natural person who is:
 - (a) A trustee, officer, "employee", administrator or manager, except an administrator or manager who is an independent contractor, of any employee benefit plan(s); or
 - (b) Your official while that person is engaged in handling "money", "securities" or "other property" of any employee benefit plan;
 - (5) Any natural person who is a former official, "employee" or trustee retained by you as a consultant while performing services for you;
 - (6) Any natural person who is a guest student or intern pursuing studies or duties; and
 - (7) Any non-compensated natural person:
 - (a) Other than one who is a fund solicitor, while performing services for you that are usual to the duties of an "employee"; or
 - (b) While acting as a fund solicitor during fund-raising campaigns.
 - (8) Any student enrolled in a school under your jurisdiction while the student is handling or has possession of property or funds in connection with sanctioned student activities.
 - b. Does not mean any agent, independent contractor or representative of the same general character not specified in Paragraph 8.a.
9. "Financial institution" means:
- a. With regard to Insuring Agreement A.4.:
 - (1) A bank, savings bank, savings and loan association, trust company, credit union or similar depository institution; or
 - (2) An insurance company.
 - b. With regard to Insuring Agreement A.7.:
 - (1) A bank, savings bank, savings and loan association, trust company, credit union or similar depository institution;

- (2) An insurance company; or
 - (3) A stock brokerage firm or investment company.
- c. Other than Insuring Agreements **A.4.** and **A.7.**, any financial institution.
10. "Financial institution premises" means the interior of that portion of any building occupied by a "financial institution" as defined in Paragraph **F.9.a.**
11. "Forgery" means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.
12. "Fraudulent instruction" means:
- a. With regard to Insuring Agreement **A.7.a.(2)**:
 - (1) A computer, telefacsimile, telephone or other electronic instruction directing a "financial institution" to debit your "transfer account" and to transfer, pay or deliver "money" or "securities" from that "transfer account", which instruction purports to have been issued by you, but which in fact was fraudulently issued by someone else without your knowledge or consent; or
 - (2) A written instruction (other than those covered under Insuring Agreement **A.3.**) issued to a "financial institution" directing the "financial institution" to debit your "transfer account" and to transfer, pay or deliver "money" or "securities" from that "transfer account", through an electronic funds transfer system at specified times or under specified conditions, which instruction purports to have been issued by you, but which in fact was issued, forged or altered by someone else without your knowledge or consent.
 - b. With regard to Insuring Agreement **A.7.b.:**
 A computer, telefacsimile, telephone or other electronic, written or voice instruction directing an "employee" to enter or change "electronic data" or "computer programs" within a "computer system" covered under the Insuring Agreement, which instruction in fact was fraudulently issued by your computer software contractor.
13. "Messenger" means you or any "employee" while having care and custody of property outside the "premises".
14. "Money" means:
- a. Currency, coins and bank notes in current use and having a face value;
 - b. Traveler's checks, and money orders held for sale to the public; and
 - c. In addition, includes:
 - (1) Under Insuring Agreements **A.1.**, **A.2.** and **A.3.**, deposits in your account at any financial institution; and
 - (2) Under Insuring Agreement **A.7.**, deposits in your account at a "financial institution" as defined in Paragraph **F.9.b.**
15. "Occurrence" means:
- a. Under Insuring Agreement **A.1.:**
 - (1) An individual act;
 - (2) The combined total of all separate acts whether or not related; or
 - (3) A series of acts whether or not related;
 committed by an "employee" acting alone or in collusion with other persons, during the Policy Period shown in the Declarations, except as provided under Condition **E.1.j.** or **E.1.k.**
 - b. Under Insuring Agreement **A.2.:**
 - (1) An individual act;
 - (2) The combined total of all separate acts whether or not related; or
 - (3) A series of acts whether or not related;

committed by each "employee" acting alone or in collusion with other persons, during the Policy Period shown in the Declarations, except as provided under Condition **E.1.j.** or **E.1.k.**

c. Under Insuring Agreement A.3.:

- (1)** An individual act;
- (2)** The combined total of all separate acts whether or not related; or
- (3)** A series of acts whether or not related;

committed by a person acting alone or in collusion with other persons, involving one or more instruments, during the Policy Period shown in the Declarations, except as provided under Condition **E.1.j.** or **E.1.k.**

d. Under all other Insuring Agreements:

- (1)** An individual act or event;
- (2)** The combined total of all separate acts or events whether or not related; or
- (3)** A series of acts or events whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations, except as provided under Condition **E.1.j.** or **E.1.k.**

- 16.** "Other property" means any tangible property other than "money" and "securities" that has intrinsic value. "Other property" does not include computer programs, "electronic data" or any property specifically excluded under this insurance.
- 17.** "Premises" means the interior of that portion of any building you occupy in conducting your business.
- 18.** "Robbery" means the unlawful taking of property from the care and custody of a person by one who has:
 - a.** Caused or threatened to cause that person bodily harm; or
 - b.** Committed an obviously unlawful act witnessed by that person.
- 19.** "Safe burglary" means the unlawful taking of:
 - a.** Property from within a locked safe or vault by a person unlawfully entering the safe or vault as evidenced by marks of forcible entry upon its exterior; or
 - b.** A safe or vault from inside the "premises".
- 20.** "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or property and includes:
 - a.** Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - b.** Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;but does not include "money".
- 21.** "Theft" means the unlawful taking of property to the deprivation of the Insured.
- 22.** "Transfer account" means an account maintained by you at a financial institution from which you can initiate the transfer, payment or delivery of "money" or "securities":
 - a.** By means of computer, telefacsimile, telephone or other electronic instructions; or
 - b.** By means of written instructions (other than those covered under Insuring Agreement **A.3.**) establishing the conditions under which such transfers are to be initiated by such financial institutions through an electronic funds transfer system.
- 23.** "Transfer instruction" means an instruction directing you to transfer "money", "securities" or "other property".
- 24.** "Vendor" means an entity or individual from whom you purchase goods or receive services under a written contract.

25. "Watchperson" means any person you retain specifically to have care and custody of property inside the "premises" and who has no other duties.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KENTUCKY CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE PART
GOVERNMENT CRIME COVERAGE PART

Paragraph **1.a.** of **E. Conditions** is replaced by the following:

a. Cancellation As To Any Employee

We may cancel the coverage provided by this form as to any "employee":

- (1) Upon discovery by you or any of your partners, "members", "managers", officers, directors or trustees not in collusion with any "employee" of "theft" or any other dishonest act committed by that "employee", whether before or after becoming employed by you; and
- (2) By mailing or delivering written notice of cancellation to the first Named Insured at least 75 days before the effective date of cancellation. We will mail or deliver notice to the first Named Insured's last mailing address known to us. The effective date of this "employee" cancellation will be specified in the notice. Coverage as to that "employee" will end on that date. If notice is mailed, proof of mailing will be sufficient proof of notice.

KENTUCKY ADD FAITHFUL PERFORMANCE OF DUTY COVERAGE FOR GOVERNMENT EMPLOYEES

This endorsement modifies insurance provided under the following:

GOVERNMENT CRIME COVERAGE PART

and applies to the Employee Theft Insuring Agreement.

A. Provisions

1. The following is added to the **Employee Theft Insuring Agreement** designated above:

We will pay for loss or damage to "money", "securities" and "other property" resulting directly from the failure of any "employee" to faithfully perform his or her duties as prescribed by law, when such failure has as its direct and immediate result a loss of your covered property.

2. The following exclusions are added to Section **D.2. Exclusions**:

- a. Loss resulting from the failure of any entity acting as a depository for your property or property for which you are responsible.

- b. Damages for which you are legally liable as a result of:

- (1) The deprivation or violation of the civil rights of any person by an "employee"; or

- (2) The tortious conduct of an "employee", except the conversion of property of other parties held by you in any capacity.

3. The **Termination As To Any Employee** Condition is replaced by the following:

We may cancel the coverage provided by this form as to any "employee":

- (1) Upon discovery by you or any official or employee authorized to manage, govern or control you "employees" of any act committed by the "employee" whether before or after becoming employed by you which would constitute a loss covered under the terms of the **Employee Theft Insuring Agreement**, as amended by this endorsement; and

- (2) By mailing or delivering written notice of cancellation to the first Named Insured at least 75 days before the effective date of cancellation. We will mail or deliver notice to the first Named Insured's last mailing address known to us. The effective date of this "employee" cancellation will be specified in the notice. Coverage as to that "employee" will end on that date. If notice is mailed, proof of mailing will be sufficient proof of notice.

4. The **Indemnification** Condition is replaced by the following:

We will indemnify any of your officials who are required by law to give bonds for the faithful performance of their duties against loss through the failure of any "employee" under the supervision of that official to faithfully perform his or her duties as prescribed by law, when such failure has as its direct and immediate result a loss of your covered property.

Named Insured:
NICHOLAS COUNTY WATER DISTRICT

Policy Number: GPNU-PF-0002291-00/000
Policy Period: From 01-03-2020
To 01-03-2021

INLAND MARINE COVERAGE PART DECLARATIONS

SCHEDULE OF COVERAGES

| <u>Description</u> | <u>Limit</u> | <u>Deductible</u> |
|---|--|-------------------|
| <u>Coverage A</u> Blanket Tools and Equipment | \$ 25,000 Not to exceed \$10,000 per item | \$ 500 |
| <u>Coverage B</u> Scheduled Equipment | See Schedule | See Schedule |
| <u>Coverage C</u> Blanket Emergency Services Equipment | Not Covered | |

Estimated Coverage Part Premium: \$ 522.00

INLAND MARINE FORMS

See Schedule of Forms and Endorsements.

Named Insured:
NICHOLAS COUNTY WATER DISTRICT

Policy Number: GPNU-PF-0002291-00/000
Policy Period: From 01-03-2020
To 01-03-2021

SCHEDULED EQUIPMENT

Actual Cash Value = ACV Replacement Cost = RC

| <u>Item Description</u> | <u>Serial Number</u> | <u>Limit</u> | <u>Deductible</u> | <u>Valuation</u> |
|-----------------------------|----------------------|--------------|-------------------|------------------|
| 2005 KUBOTA TRACATOR 4WD | MODEL L39 50017 | \$19,215 | \$500 | ACV |
| 2005 KUBOTA BACKHOE L39 | 10209 | \$8,917 | \$500 | ACV |
| KUBOTA FRONT LOADER W/TL 17 | 10695 | \$4,867 | \$500 | ACV |
| 2004 LENAIR AIR COMPRESSOR | 3515X491 | \$6,000 | \$500 | ACV |
| 2006 SALADIN DUMP TRAILER | 4Y2PT102261009972 | \$4,100 | \$500 | ACV |
| VERMEER 2.5IN HAMMER HEAD | 133031 | \$4,200 | \$500 | ACV |

INLAND MARINE COVERAGE FORM

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

Throughout this coverage part the words “you” and “your” refer to the Named Insured shown in the Declarations. The words “we”, “us” and “our” refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **VI** - Definitions.

SECTION I - COVERAGES

Coverage A - Blanket “Tools and Equipment”

We will pay for direct physical loss or damage caused by or resulting from any “covered cause of loss” to “tools and equipment” owned by you. The most we will pay is described under Section **IV** - What We Will Pay.

Coverage B - Scheduled Equipment

We will pay for direct physical loss or damage caused by or resulting from any “covered cause of loss” to equipment owned by you that is specifically listed in the Declarations or in a schedule attached to this coverage form. The most we will pay is described under Section **IV** - What We Will Pay.

Coverage C - Blanket “Emergency Services Equipment”

We will pay for direct physical loss or damage caused by or resulting from any “covered cause of loss” to “emergency services equipment” owned by you. The most we will pay is described under Section **IV** - What We Will Pay.

SECTION II - COVERAGE EXTENSIONS

This section adds to or extends the coverage under Section **I** - Coverages. Each separately numbered provision is referred to as an extension. Except to the extent specifically stated otherwise in an extension:

- a. Each extension is limited to direct physical loss or damage caused by or resulting from any “covered cause of loss”;
- b. The limits in each extension are in addition to the limits applicable to Section **I** - Coverages; and
- c. All other applicable terms and conditions of this coverage form apply to each extension.

1. Debris Removal Expenses

- a. We will pay your debris removal expenses if they are reported to us within 180 days after the date of direct physical loss or damage. Debris removal expense means expense you incur in removing debris of covered “tools and equipment”, “emergency services equipment”, or

scheduled equipment after direct physical loss or damage caused by or resulting from any "covered cause of loss". Debris removal expense does not include "remediation expense" or any expense related to the removal of "fungus", wet rot, dry rot, bacteria or asbestos.

b. The most we will pay under this extension in any one occurrence is \$15,000.

2. "Tools and Equipment" Owned by Your "Employees"

a. **Coverage A - Blanket "Tools and Equipment"** is extended to include direct physical loss or damage to "tools and equipment" belonging to your "employees" or volunteers caused by or resulting from any "covered cause of loss", provided the loss or damage occurs during the course of your "operations". This coverage will only apply if no other insurance coverage is available to the owner of the "tools and equipment".

b. The most we will pay under this extension in any one occurrence is \$25,000.

c. No deductible will apply under this extension.

3. Emergency Services and Law Enforcement "Personal Effects"

a. **Coverage C - Blanket "Emergency Services Equipment"** is extended to include direct physical loss or damage to "personal effects" belonging to your emergency service or law enforcement "employees" or volunteers caused by or resulting from any "covered cause of loss", provided the loss or damage occurs while such individuals are away from your premises and enroute to, performing, or returning from any official emergency service or law enforcement duty authorized by you.

b. The most we will pay under this extension in any one occurrence is the actual "replacement cost" for the lost or damaged "personal effects".

c. This coverage is primary and will apply regardless of any other insurance coverage which may be available to the owner of the "personal effects".

d. No deductible will apply under this extension.

4. Rented or Borrowed Equipment

a. **Coverage A - Blanket "Tools and Equipment"** and **Coverage C - Blanket "Emergency Services Equipment"** are extended to include direct physical loss or damage to "tools and equipment" and "emergency services equipment" not owned by you, but that is temporarily in your possession, caused by or resulting from any "covered cause of loss".

(1) The most we will pay under extension **4.a.** in any one occurrence is the lesser of the replacement cost of the item(s) or \$10,000.

(2) A \$1,000 deductible applies to extension **4.a.**

b. **Coverage B - Scheduled Equipment** is extended to include direct physical loss or damage to equipment not owned by you, but that is temporarily in your possession, caused by or resulting from any "covered cause of loss". For the purpose of this extension only, such equipment will be considered as scheduled equipment while in your possession.

(1) The most we will pay under extension **4.b.** in any one occurrence is the lesser of the "actual cash value" of the damaged equipment or \$100,000.

(2) A \$1,000 deductible applies to extension **4.b.**

c. The coverage provided by this extension is primary.

5. Newly Acquired Scheduled Equipment

- a. **Coverage B - Scheduled Equipment** is extended to include direct physical loss or damage caused by or resulting from any “covered cause of loss” to newly acquired equipment for use in your “operations”.
- b. This automatic extension of coverage will apply for a period of 30 days from the date of acquisition on a “replacement cost” basis, not to exceed the purchase price of the newly acquired equipment. Coverage will cease for the newly acquired equipment at the earliest of 30 days from the date of acquisition, or when this coverage part is cancelled or nonrenewed.
- c. A \$1,000 deductible applies to this extension.

6. “Personal Watercraft” and “Watercraft”

- a. **Coverage A - Blanket “Tools and Equipment”** and **Coverage C - Blanket “Emergency Services Equipment”** are extended to include direct physical loss or damage to “personal watercraft” or “watercraft” owned by you, caused by or resulting from a “covered cause of loss”.
- b. This extension applies to all such “personal watercraft” or “watercraft” that is either not powered by a motor or engine or is powered by a motor or combination of motors of 100 horsepower or less, regardless of whether the motor is inboard, outboard, or inboard/outboard.
- c. This extension does not apply to any “personal watercraft” or “watercraft” that is listed under **Coverage B - Scheduled Equipment**.
- d. We will pay up to the “replacement cost” of any “personal watercraft” or “watercraft”, but the most we will pay under this extension is \$25,000 in any one occurrence.

7. Rental Reimbursement for Scheduled Equipment

- a. **Coverage B - Scheduled Equipment Coverage** is extended to reimburse you for the expenses you incur to rent substitute equipment while your scheduled equipment is inoperable due to direct physical loss or damage caused by or resulting from a “covered cause of loss”.

This coverage will only apply if:

- (1) You make every reasonable effort to repair, replace, or rebuild such equipment; and
 - (2) You are unable to continue or resume your operations with similar equipment that is available to you at no additional expense to you.
- b. We will pay your rental expenses incurred during the period of time that:
 - (1) Begins 72 hours after the loss occurs; and
 - (2) Ends the soonest of the following:
 - (a) when the damaged equipment has been replaced;
 - (b) when the damaged equipment has been repaired; or
 - (c) when the damaged equipment is no longer required.
 - c. If this policy expires before we have paid you all the rental reimbursement to which you are entitled, we will continue to make payments after the expiration date.
 - d. The most we pay under this extension in any one occurrence is \$10,000.
 - e. No deductible applies to this coverage.

8. “Unmanned Aircraft”

- a. We will pay for direct physical loss or damage to “unmanned aircraft” owned by you or furnished to you for your regular use, resulting from a “covered cause of loss”.
- b. Coverage is not provided:
 - (1) While “unmanned aircraft” is rented, leased, or loaned to others without an operator who is your “employee” or volunteer; or
 - (2) While being used in any professional or organized racing or demolition contest or stunting activity, or while practicing or preparing for such contest or activity; or
 - (3) While not used in the insured’s “operations”.
- c. Subject to the limit shown in **8.d.**, below, we will pay the “replacement cost” of the lost or damaged “unmanned aircraft” in excess of the deductible, but not more than the lesser of:
 - (1) The amount which you actually spend to repair or replace the lost or damaged “unmanned aircraft” with “unmanned aircraft” of comparable kind and quality; or
 - (2) The “replacement cost” of the lost or damaged “unmanned aircraft”.
- d. The most we will pay under this extension in any one occurrence is \$25,000.
- e. A \$500 deductible applies to this extension.

9. Fire Department Charges

- a. We will pay up to \$1,000 in any one occurrence for fire department charges as a result of direct physical damage to your “tools and equipment”, scheduled equipment or “emergency services equipment” due to a “covered cause of loss”.
- b. No deductible applies to this extension.

10. Fire Extinguishing Equipment Recharge Costs

- a. We will pay the necessary and reasonable cost to recharge or refill your fire extinguishing equipment, including both hand-held extinguishers and fixed automatic extinguishing systems, as a result of:
 - (1) Their discharge as a result of a “covered cause of loss”; or
 - (2) Their accidental discharge in the absence of a “covered cause of loss”.
- b. This extension applies regardless of whether the fire extinguishing equipment itself is damaged.
- c. The fire extinguishing equipment must be for the protection of your “tools and equipment”, scheduled equipment or your “emergency services equipment”.
- d. No deductible applies to this extension.

SECTION III - COVERED CAUSES OF LOSS

“Covered cause of loss” means any cause of direct physical loss or damage except as excluded below.

Exclusions

This coverage part does not apply to loss or damage caused by or resulting directly or indirectly from the following causes, or occurring in the following situations. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently with or before, during, or after the loss or damage. But we will cover resulting fire or explosion, meaning a fire or explosion that results from any cause of loss other than “war”, whether or not that cause of loss itself is covered under this coverage part.

1. Asbestos

Loss or damage resulting from asbestos or asbestos-containing materials, unless the damage from asbestos is caused by or results from your “emergency operations” conducted away from premises owned or occupied by you.

2. Delay, Loss of Use

Delay and loss of use or because you can no longer sell or use property.

3. Dishonesty

Dishonest acts or omissions of you or your elected or appointed public officials, “employees”, or volunteers, or anyone authorized to act for you, or anyone to whom you entrust property, whether an individual is acting alone or in collusion with others.

4. Faulty Design

Faulty, inadequate, or defective design, specifications, workmanship and material including the cost of correcting any faulty design, workmanship, material, manufacture or installation, alteration, repair or work on covered “tools and equipment”, “emergency services equipment” or scheduled equipment. This exclusion does not apply to loss or damage that results from any of these, if the loss or damage occurs in connection with any cause of loss not otherwise excluded by this policy.

5. “Fungus”, Wet Rot, Dry Rot or Bacteria

The presence, growth, proliferation, spread or any activity of “fungus”, wet rot, dry rot or bacteria, including loss, damage or “remediation expenses” resulting from any of these.

6. Inherent Vice

A natural condition of property that causes it to deteriorate or become damaged. Examples of inherent vice are the yellowing and cracking of old paper, patina that forms on old bronze and the swelling of wood under moist conditions.

7. Latent Defects

Faults or defects in the property itself.

8. Mechanical Breakdown

Mechanical Breakdown.

9. Mysterious Disappearance

Mysterious disappearance of property or an inventory shortage.

10. Neglect

Neglect means your failure to take all reasonable steps to protect your “tools and equipment”, “emergency services equipment”, or scheduled equipment when it is threatened with loss or damage and to take all reasonable steps to protect your “tools and equipment”, “emergency services equipment” or scheduled equipment from further loss after loss or damage occurs. This exclusion does not apply to the use of your “tools and equipment”, “emergency services equipment” or scheduled equipment used in “emergency operations”.

11. “Nuclear Activity”

12. Pollution

Pollution or contamination including the actual, alleged or threatened presence, discharge, seepage, migration, release or escape of “pollutants” unless caused by a “specified cause of loss” or by your “training operations”, or by your “emergency operations” conducted away from premises owned or occupied by you.

13. “War”

14. Wear and Tear

Wear and tear, deterioration, rust, corrosion, marring or scratching, erosion, decomposition, and decay.

SECTION IV - WHAT WE WILL PAY

A. Limits of Insurance

1. For **Coverage A - Blanket "Tools and Equipment"**, the most we will pay for loss or damage in any one occurrence is the applicable blanket Limit of Insurance shown in the Declarations. However, the most we will pay for any single item including its attached devices and accessories, is \$10,000.
2. For **Coverage B - Scheduled Equipment**, the most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations or in an attached schedule for the scheduled item.
3. For **Coverage C - Blanket "Emergency Services Equipment"**, the most we will pay for loss or damage in any one occurrence is the applicable blanket Limit of Insurance shown in the Declarations.
4. If an item is scheduled under **Coverage B - Scheduled Equipment**, there is no coverage for such item under **Coverage A** or **Coverage C**.

B. Deductible

1. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the applicable deductible for each coverage as indicated in the declarations. We will then pay the amount of loss or damage in excess of the deductible, up to the applicable Limit of Insurance.
 - a. If loss under both **Coverage A** and **Coverage C** applies to any one occurrence, only one deductible, the largest, will apply to the **Coverage A** and **Coverage C** loss.
 - b. If loss under **Coverage B** involves more than one scheduled item in any one occurrence, only one deductible, the largest, will apply to the **Coverage B** loss.
2. **Deductible Waiver.** If a loss covered under **Coverage A** and/or **Coverage C** of this coverage form also involves a loss under a Property Coverage Form or a Business Auto Policy issued to you by us, only one deductible, the largest, will be applied to the loss. The deductible under the other coverage form or policies will be waived. This provision does not include any **Coverage B** loss.

C. Valuation

1. Coverage A Valuation - Replacement Cost

In the event of loss or damage, we will determine the value of property under **Coverage A - Blanket "Tools and Equipment"** as follows:

- a. We will pay the "replacement cost" of the lost or damaged "tools and equipment" in excess of the deductible, but not more than the smallest of the following:
 - (1) The amount which you actually spend to repair or replace the lost or damaged "tools and equipment" with "tools and equipment" of comparable kind and quality;
 - (2) The "replacement cost" of the lost or damaged "tools and equipment"; or
 - (3) The limit shown in the Declarations for "tools and equipment".

- b. You may substitute “tools and equipment” of a different kind or quality and still comply with the “replacement cost” provision, but we will not pay more than the cost to repair or replace the lost or damaged “tools and equipment” with “tools and equipment” of comparable kind and quality.

2. Coverage B Valuation - Replacement Cost or Actual Cash Value

In the event of loss or damage, we will determine the value of property under **Coverage B - Scheduled Equipment** as follows:

- a. If “replacement cost” valuation is indicated in the Schedule, we will not pay more than the limit applicable to the lost or damaged scheduled equipment. Subject to that limit, we will pay the “replacement cost” of any loss or damage to the scheduled equipment in excess of the deductible, so long as:
 - (1) The loss or damage to the scheduled equipment is actually repaired or replaced;
 - (2) The repairs to or replacement of the scheduled equipment are made within one year of the loss or damage;
 - (3) The repairs or replacements restore the scheduled equipment to the same use; and
 - (4) The repairs to or replacement of the scheduled equipment are of the same kind and quality as the scheduled equipment suffering the loss or damage. You may substitute equipment of a different kind or quality, but we won’t pay more than what it would cost to repair or replace the loss or damage to the scheduled equipment with equipment of comparable kind and quality.
- b. If “replacement cost” does not apply, we will pay for loss or damage on the basis of the “actual cash value” of the scheduled equipment at the time of loss. The most we will pay for loss or damage to the scheduled equipment valued by the “actual cash value” method is the smallest of the following:
 - (1) The coverage limit which applies to the scheduled equipment;
 - (2) The “actual cash value” of the lost or damaged scheduled equipment; or
 - (3) The amount which you actually spend to repair or replace the lost or damaged scheduled equipment with equipment of comparable kind or quality. You may substitute equipment of a different kind or quality, but we won’t pay more than what it would cost to replace the lost or damaged equipment with equipment of comparable kind and quality.
- c. If “replacement cost” valuation is indicated in the Schedule, you may make a claim for loss or damage covered by this insurance on an “actual cash value” basis instead of on a “replacement cost” basis. If you elect to have loss or damage settled on an “actual cash value” basis, you may still make a claim on a “replacement cost” basis at any time within one year after the loss. However, you will only have this privilege if you comply with all the requirements of the “replacement cost” provisions.

3. Coverage C Valuation - Guaranteed Replacement Cost

In the event of loss or damage under **Coverage C - Blanket “Emergency Services Equipment”**, we will determine the value of property on a guaranteed “replacement cost” basis, as follows:

- a. We will pay the entire “replacement cost” of the lost or damaged “emergency services equipment”, or the cost to repair or replace the damaged “emergency services equipment”, whichever is smaller, in excess of the deductible, provided you accurately report to us at policy inception and within 30 days after acquisition, the number and “types of vehicles” which carry “emergency services equipment” owned by you.

- b. You may substitute “emergency services equipment” of a different kind or quality, but we won’t pay more than the cost to repair or replace the lost or damaged “emergency services equipment” with “emergency services equipment” of comparable kind and quality.
- c. Our estimated value of the total “replacement cost” of all “emergency services equipment” is based on the number and “types of vehicles” reported by you which carry “emergency services equipment” owned by you.
- d. If you do not accurately report the number and “types of vehicles” set forth in paragraph 3.a. above, we will determine the most we will pay using the following steps:
 - (1) Calculate the estimated value of your “emergency services equipment” based on the number and “types of vehicles” you reported to us.
 - (2) Calculate the estimated value of your “emergency services equipment” had the number and “types of vehicles” been accurately reported to us.
 - (3) Divide the amount calculated in step (1) by the amount calculated in step (2).
 - (4) Multiply the resulting proportion by the total amount of the loss.
 - (5) Subtract the applicable deductible.We will pay the amount determined in step (5). For the remainder of any loss, you will have to rely on other insurance or absorb the loss.

SECTION V - CONDITIONS

The following apply in addition to the Common Policy Conditions.

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we cannot agree with you on the amount of the loss, either of us can demand that the following procedure be used to settle the amount.

- a. You or we will request in writing that the dispute be submitted to appraisal within 60 days from the time we receive your proof of loss. Each will then select an appraiser and notify the other of that choice within 20 days of the initial request.
- b. The appraisers will select an impartial umpire. If they cannot agree on an umpire within 15 days, either you or we can ask that an umpire be appointed by a judge of a court having jurisdiction in the county where the property is located.
- c. The appraisers will appraise each item for its value at the time of loss and the amount of loss. If they can’t agree, they will submit any differences to the umpire. An agreement in writing by any two of these three will determine the amount of the loss.
- d. You will pay your appraiser and we will pay ours. Each will share equally any other costs of the appraisal and the umpire.
- e. We will not surrender our rights by any act we take relating to an appraisal.

3. Concealment, Misrepresentation or Fraud

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

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

4. Control of Property

Any act or neglect of any person other than you, beyond your direction or control, will not affect this insurance. The breach of any condition of this coverage part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

5. 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 property insured under this coverage part:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the property from further damage by a "covered cause of loss". If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs, for consideration in the settlement of the claim. This will not increase the Limit of Insurance.
- (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 claim for any loss is less than \$10,000, you are not required to provide an inventory of the undamaged property.
- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.
Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (8) Cooperate with us in the investigation or settlement of the claim.

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

6. Insurance Under Two or More Coverages

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

7. Legal Action Against Us

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

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

8. Loss Payment

- a. In the event of loss or damage covered by this coverage part, 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 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 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 within 30 days after we receive the sworn proof of loss if:
 - (1) You have complied with all of the terms of this coverage part; and
 - (2) We have reached agreement with you on the amount of loss, or an appraisal award has been made.

9. No Benefit to Bailee

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

10. Other Insurance

- a. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this coverage part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this coverage part bears to the Limits of Insurance of all insurance covering on the same basis.
- b. If there is other insurance covering the same loss or damage, other than that described in **a.** above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect it or not. But we will not pay more than the applicable Limit of Insurance.

11. Policy Period, Policy Territory

We will cover loss or damage commencing:

- a. During the policy period shown in the Declarations; and
- b. Within the policy territory. Policy territory means the United States, its territories and possessions, Puerto Rico and Canada.

12. 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.

13. Transfer of Rights of Recovery Against Others To Us

If any person or organization to or for whom we make payment under this coverage part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- a. Prior to a loss to your covered property;
- b. After a loss to your covered property only if, at time of loss, that party is one of the following:
 - (1) Someone insured by this insurance;
 - (2) An organization owned by or controlled by you;
 - (3) An organization that owns you or controls you; or
 - (4) Your tenant.

This will not restrict your insurance.

SECTION VI – DEFINITIONS

1. “Aircraft” means aircraft, other than “unmanned aircraft”, except those that are:
 - a. On the ground for display or instructional purposes;
 - b. Not self-propelled; and
 - c. Not certified for flight.

However, this does not include detached aircraft engines, parts, accessories and equipment.

2. “Actual cash value” is calculated as the amount it would cost to repair or replace damaged or destroyed equipment, at the time of loss or damage, with equipment of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence. “Actual cash value” applies to the valuation of equipment regardless of whether that equipment has sustained partial or total loss or damage. The “actual cash value” of such equipment may be significantly less than its “replacement cost”.
3. “Computer equipment” means your programmable electronic equipment that is used to store, retrieve and process “electronic data”. It includes their component parts and air conditioning, fire suppression equipment and electrical equipment used exclusively in your computer operations as well as associated peripheral equipment that provides communication including input and output functions such as printing or auxiliary functions such as “electronic data” transmission.
4. “Covered cause of loss” is defined in Section III - Covered Causes Of Loss.
5. “Electronic data” means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of “electronic data”, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
6. “Emergency operations” means actions performed by members of law enforcement, a fire department, hazardous materials unit, or first aid, ambulance or rescue squad, which are urgent responses for the protection of property, human life, health or safety.

7. "Emergency services equipment" means portable law enforcement, firefighting, ambulance, rescue, and communications equipment commonly used in law enforcement, firefighting, or rescue operations away from your premises. This term includes equipment specific to law enforcement, firefighting, or rescue related activities, such as firearms, radar speed timing units, training videos, manuals and mannequins, including trailers whose primary purpose is to transport covered "emergency services equipment".

"Emergency services equipment" does not include:

- a. "Tools and equipment" that are not commonly used in activities specified above;
 - b. "Aircraft", its parts or accessories;
 - c. Animals;
 - d. "Computer equipment" or software or other "electronic data" processing equipment except when such equipment is intended for use off your premises in actual "emergency operations" or in training for "emergency operations";
 - e. "Fine arts or property that is rare or that has historic or artistic value, including antiques or rare articles;
 - f. Jewelry (except watches);
 - g. "Money" and "securities";
 - h. "Personal effects" belonging to you or your officers, managers, elected or appointed officials, "employees", or volunteers, other than individually owned portable law enforcement, firefighting, ambulance, or rescue related equipment;
 - i. "Personal property" including contents and building fixtures;
 - j. Televisions, video cassette recorders, and other audio-visual equipment except when such equipment is intended for use off your premises in actual "emergency operations" or in training for "emergency operations";
 - k. "Unmanned aircraft";
 - l. "Valuable papers and records";
 - m. "Vehicles";
 - n. "Watercraft" or "personal watercraft" except as provided for in **Extension 6**. for **Coverage C**, or in an attached schedule for **Coverage B**; or
 - o. Property or equipment covered under another coverage form of this or any other policy in which it is more specifically described.
8. "Employees" are people who work for you in the conduct of your ordinary activities, in return for a salary, wages or commissions. In order to be considered an "employee", a person must be subject to your exclusive direction in the performance of his or her activities. Contractors and agents are not considered to be "employees".
9. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
10. "Money" means currency, coins, bank notes, bullion, traveler's checks, registered checks and money orders held for sale.
11. "Nuclear activity" means loss from nuclear reaction, nuclear radiation or radioactive contamination, whether deliberate or accidental, controlled or uncontrolled, and whether or not the loss is direct or indirect, proximate or remote, or is contributed to or aggravated by a "covered cause of loss". But it does not include explosion, fire or smoke.
12. "Operations" means your business activities or your activities as a local government unit including law enforcement, firefighting, ambulance or rescue services.

- 13.** “Personal effects” means property that belongs to an individual and is devoted primarily to that individual's personal use; for example, clothing, eyeglasses, or individually owned portable law enforcement, firefighting, ambulance, or rescue related equipment.
- “Personal effects” does not include:
- a.** “Aircraft” or its parts, accessories and equipment or “unmanned aircraft”;
 - b.** Animals;
 - c.** Fine arts or property that is rare or that has historic or artistic value, including antiques or rare articles;
 - d.** Jewelry, (except watches);
 - e.** “Money” and “securities”;
 - f.** “Vehicles”; or
 - g.** “Watercraft” and “personal watercraft”.
- 14.** “Personal property” means all property used in your “operations”, other than “real property”, including but not limited to furnishings and office equipment, materials, supplies (including your inventory of “vehicle” parts and supplies) while held on your premises awaiting installation, building contents, “computer equipment”, communication systems, base stations and dispatching systems.
- 15.** “Personal watercraft” means a vessel used in your “operations” which uses an inboard motor powering a water jet pump as its primary source of motive power, and which is designed to be operated by a person sitting, standing, or kneeling on the vessel, rather than the conventional manner of sitting or standing inside the vessel.
- 16.** “Pollutants” means any solid, liquid, gaseous or thermal irritant or contaminant, including vapor, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- 17.** “Real property” means “items” at a “premises” including:
- a.** Aboveground piping;
 - b.** Aboveground and belowground “penstock”;
 - c.** Additions under construction;
 - d.** Air cascade units that are not designed to be used off “premises”;
 - e.** All appurtenant buildings or structures other than playground equipment, park shelters, pedestrian-only bridges, picnic tables, water fountains or coolers, benches, dugouts, bleachers, or scoreboards;
 - f.** Alterations and repairs to the buildings or structures;
 - g.** Completed additions;
 - h.** Exterior signs, meaning neon, automatic, mechanical, electric or other signs either attached to the outside of a building or structure, or standing free in the open;
 - i.** Foundations;
 - j.** Materials, equipment, supplies and temporary structures you own or for which you are responsible, on the “premises” or in the open (including property inside “vehicles”) within 1,000 feet of the “premises”, used for making additions, alterations or repairs to buildings or structures at the “premises”;
 - k.** Outdoor fixtures;
 - l.** Paved surfaces such as sidewalks, bike paths, walkways, patios or parking lots;
 - m.** Permanently installed fixtures, machinery, and equipment;

- n. "Personal property" used for the maintenance and service of buildings or structures, including tools, lawn care equipment, and free standing appliances for refrigerating, ventilating, cooking, dishwashing and laundering;
- o. Submersible pumps, pump motors and engines; or
- p. Underground piping located on or within 100 feet of a "premises" described in the Declarations.

"Real property" does not include:

- a. Canals, ditches, flumes or aqueducts;
- b. Dams, locks, levees, or reservoirs;
- c. Docks, wharves, piers, pilings or bulkheads;
- d. Electric utility power transmission and distribution lines, poles and related equipment;
- e. Excavations, grading, or filling;
- f. Foundations of machinery or boilers if the foundations are below the lowest basement floor or the surface of the ground, if there is no basement;
- g. Land, including land on which the property is located;
- h. Pump motors and engines exceeding 1,000 horsepower capacity;
- i. Roadways or bridges;
- j. "Tools and equipment";
- k. Trees, shrubs, plants and lawns except as described in Section II - Coverage Extensions;
- l. Underground flues, drains or well structures;
- m. Underground piping located more than 100 feet from the "premises" described in the Declarations; or
- n. Water.

18. "Remediation expenses" are expenses incurred for or in connection with the investigation, monitoring, removal, disposal, treatment, or neutralization of pollution conditions to the extent required by:

- a. Federal, state or local laws, regulations or statutes, or any subsequent amendments thereof, enacted to address pollution conditions; or
- b. A legally executed state voluntary program governing the cleanup of pollution conditions.

Pollution conditions means the discharge, dispersal, release, seepage, migration, or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, hazardous materials, waste materials (including medical, infectious and pathological wastes) or electromagnetic fields into or upon land or any structures thereon, the atmosphere, or any watercourse or body of water including groundwater.

19. "Replacement cost" is calculated as the amount it would cost, following direct physical loss or damage, to replace covered equipment with equipment of the same kind and quality, determined at the time of loss, without deduction for deterioration, depreciation or obsolescence.

20. "Securities" means negotiable and non-negotiable instruments or contracts that represent property or obligations to pay "money". Stamps, including revenue stamps, are "securities"; so are tokens and tickets. However, stamps are covered only for their face value. "Money" is not considered to be "securities".

21. "Sinkhole collapse" means sudden sinking or collapse of land into underground empty space created by the action of water on limestone or similar rock formations. "Sinkhole collapse" does not include the cost of filling sinkholes.

22. "Specified cause of loss" means fire, lightning, windstorm or hail, explosion, riot or civil commotion, "vehicles" or aircraft, smoke, sonic boom, vandalism and malicious mischief, "sprinkler leakage", "sinkhole collapse", "volcanic action", falling objects, or weight of ice, snow or sleet.
23. "Sprinkler leakage" means leakage or discharge of any substance from an automatic sprinkler system. It includes the collapse or fall of a tank that is part of a plumbing or an automatic sprinkler system. It also includes damage caused by breakage or freezing to parts of an automatic sprinkler system installed in a building, if "sprinkler leakage" results from such damage.
24. "Tools and equipment" means all tools and equipment, together with attached devices, accessories and trailers that are used in your "operations". "Tools and equipment" includes, but is not limited to, hand tools, mechanics tools, power tools, meter readers, generators, air compressors, welders, trash pumps, trenchers, saws, jack hammers, maintenance or diagnostic equipment including specialized audio-visual equipment and its associated laptop, as well as recreational equipment, such as outdoor portable seating, temporary stands, food service trailers not licensed for road use, or portable restrooms.

"Tools and equipment" also includes mobile equipment such as, but not limited to, bulldozers, mobile equipment that travels on crawler treads, tractors, loaders, backhoes, excavators, graders, or road surfacing equipment, and equipment whether self propelled or not, maintained primarily to provide mobility to permanently mounted cranes, shovels, loaders, diggers, and drills.

"Tools and equipment" also includes snow plows, salt spreaders, and other similar equipment when not attached to a "vehicle".

"Tools and equipment" does not include the following:

- a. "Aircraft", its parts and accessories and "unmanned aircraft", except "unmanned aircraft" as provided for in **Extension 8**. for **Coverage A**;
 - b. Animals;
 - c. "Emergency services equipment";
 - d. Fine arts;
 - e. Jewelry;
 - f. "Money" and "securities";
 - g. "Personal effects" belonging to you or your officers, managers, elected or appointed officials, "employees", or volunteers;
 - h. "Personal property", other than laptops as described above;
 - i. "Real property";
 - j. Scheduled equipment listed under **Coverage B**;
 - k. Televisions, video cassette recorders, and other audio-visual equipment other than the specialized audio-visual equipment described above;
 - l. "Valuable papers and records";
 - m. "Vehicles";
 - n. "Watercraft" or "personal watercraft" except as provided for in **Extension 6**. for **Coverage A**, or in an attached schedule for **Coverage B**; or
 - o. Property or equipment covered under another coverage form of this or any other policy in which it is more specifically described.
25. "Training operations" means activities used to prepare, train, or instruct members of law enforcement, a fire department, hazardous materials unit, or first aid, ambulance or rescue squad in accepted and recognized emergency procedures, including municipal, state and federal standards.

- 26.** “Types of vehicles” means various categories of vehicles commonly used in law enforcement, firefighting, ambulance or rescue operations, such as pumpers, brush trucks, aerial devices, rescue trucks, law enforcement vehicles or advanced life support ambulances.
- 27.** “Unmanned aircraft” means an aircraft weighing 15 pounds or less, that is not:
- a.** Designed;
 - b.** Manufactured; or
 - c.** Modified after manufacture;
- to be controlled directly by a person from within or on the aircraft.
- “Unmanned aircraft” includes equipment used with such “unmanned aircraft”, provided such equipment is attached to or essential for its operation. Payload (camera) is included only when in connection to, stored with, or in use with the drone.
- 28.** “Valuable papers and records” are documents that are written, printed, or otherwise inscribed. These include:
- a.** Books, manuscripts, abstracts, maps and drawings;
 - b.** Film and other photographically produced records, such as slides and microfilm; and
 - c.** Legal and financial agreements such as deeds and mortgages.
- 29.** “Vehicle” means vehicles or their parts, accessories, and equipment if the vehicles are required by law to be licensed for highway use.
- 30.** “Volcanic action” means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:
- a.** Airborne volcanic blast or airborne shock waves;
 - b.** Ash, dust or particulate matter; or
 - c.** Lava flow.
- All volcanic eruptions that occur within any 168 hour period will constitute a single occurrence.
- But “volcanic action” does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to covered property.
- 31.** “War” means any of the following:
- a.** War, including undeclared or civil war;
 - b.** Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
 - c.** Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
- 32.** “Watercraft” means any watercraft used in your “operations”, including its motor, parts, accessories and equipment, but does not include “personal watercraft”.

Named Insured:
NICHOLAS COUNTY WATER DISTRICT

Policy Number: GPNU-PF-0002291-00/000
Policy Period: From 01-03-2020
To 01-03-2021

AUTO COVERAGE PART DECLARATIONS

ITEM ONE: Named Insured - Refer to the Common or Auto Policy Declarations

ITEM TWO: Coverage and Covered Autos

This coverage part provides only those coverages activated by a Covered Auto Symbol or a Premium shown below:

| Coverage | Covered Auto Symbols | Limit of Insurance (this is the most we will pay for any one accident or loss) | Premium |
|---|----------------------|---|-------------|
| Covered Autos Liability (combined single limit) | 1 | \$1,000,000 each accident | \$ 1,550 |
| Personal Injury Protection (PIP) (or equivalent no-fault coverage) | 5 | Refer to ITEM THREE and each PIP or added PIP endorsement | \$ 38 |
| Added Personal Injury Protection (or equivalent added no-fault coverage) | N/A | Separately stated in each added PIP endorsement | |
| Property Protection Insurance (Michigan Only) | N/A | Separately stated in the P.P.I. endorsement minus Ded. for each accident | |
| Auto Medical Payments | N/A | Each Insured | |
| Medical Expense and Income Loss Benefits (Virginia only) | N/A | Separately stated in each Medical Expense and Income Loss Benefits endorsement | |
| Uninsured Motorists (UM) | 2 | Refer to ITEM THREE and the Uninsured Motorists endorsement | \$ 81 |
| Underinsured Motorists (UIM) (when not included in UM coverage) | 2 | Refer to ITEM THREE and the Underinsured Motorists endorsement | \$ 291 |
| Physical Damage – Comprehensive | 7, 8 | Refer to ITEM THREE and ITEM FOUR (if applicable) | \$ 407 |
| Physical Damage – Specified Causes of Loss | N/A | | |
| Physical Damage – Collision | 7, 8 | | \$ 595 |
| Physical Damage – Towing and Labor | N/A | Refer to ITEM THREE | |
| Other Auto Coverages | | | |
| Estimated Coverage Part Premium: | | | \$ 2,962.00 |
| Taxes, Fees and Surcharges: | | | \$ 53.32 |
| Total Premium: | | | \$ 3,015.32 |

Named Insured:
NICHOLAS COUNTY WATER DISTRICT

Policy Number: GPNU-PF-0002291-00/000
Policy Period: From 01-03-2020
To 01-03-2021

ITEM THREE: Schedule of Your Auto Coverage

Auto Schedule Summary

| Veh. Num. | Year | Make | Model | PE Code | V.I.N. | Value |
|-----------|------|-----------|-----------|---------|-------------------|-------|
| 1 | 2004 | CHEVROLET | SILVERADO | OTH | 1GCHK2494E296442 | ACV |
| 2 | 2004 | GOOSENECK | TRAILER | OTH | 4Z1GF18234S000025 | ACV |
| 3 | 2007 | CHEVROLET | SILVERADO | OTH | 1GCHK24U87E182212 | ACV |
| 4 | 2008 | CHEVROLET | COLORADO | OTH | 1GCCS149088220886 | ACV |

Named Insured:
NICHOLAS COUNTY WATER DISTRICT

Policy Number: GPNU-PF-0002291-00/000
Policy Period: From 01-03-2020
To 01-03-2021

Vehicle # 1

Insured's #:

Insured Entity:

Year: 2004
Make: CHEVROLET
Model: SILVERADO
V.I.N.: 1GCHK2494E296442
Valuation: Actual Cash Value

Use: Service
Class Code: 011990
State: KY
Territory: 118

| Coverages: | Limit of Insurance | Deductible | Premium |
|--|--------------------|------------|---------|
| Covered Autos Liability (combined single limit) | \$ 1,000,000 | \$ | 404 |
| Personal Injury Protection (PIP) | See Endorsement | \$ 250 | \$ 12 |
| Added Personal Injury Protection | | | |
| Property Protection Insurance (MI only) | | | |
| Auto Medical Payments | | | |
| Medical Exp. And Income Loss Benefits (VA only) | | | |
| Uninsured Motorists (UM) | \$ 1,000,000 | \$ | 27 |
| Underinsured Motorists (UIM) | \$ 1,000,000 | \$ | 97 |
| Physical Damage – Comprehensive | ACV | 500 | \$ 137 |
| Physical Damage – Specified Causes of Loss | | | |
| Physical Damage – Collision | ACV | 500 | \$ 214 |
| Physical Damage – Towing and Labor | | | |
| Other Auto Coverages | | | |
| Total: | | \$ | 891 |

Vehicle # 2

Insured's #:

Insured Entity:

Year: 2004
Make: GOOSENECK
Model: TRAILER
V.I.N.: 4Z1GF18234S000025
Valuation: Actual Cash Value

Use:
Class Code: 681990
State: KY
Territory: 118

| Coverages: | Limit of Insurance | Deductible | Premium |
|--|--------------------|------------|---------|
| Covered Autos Liability (combined single limit) | \$ 1,000,000 | \$ | 83 |
| Personal Injury Protection (PIP) | See Endorsement | \$ 250 | \$ 2 |
| Added Personal Injury Protection | | | |
| Property Protection Insurance (MI only) | | | |
| Auto Medical Payments | | | |
| Medical Exp. And Income Loss Benefits (VA only) | | | |
| Uninsured Motorists (UM) | \$ 1,000,000 | | INCL |
| Underinsured Motorists (UIM) | \$ 1,000,000 | | INCL |
| Physical Damage – Comprehensive | ACV | 500 | \$ 26 |
| Physical Damage – Specified Causes of Loss | | | |
| Physical Damage – Collision | ACV | 500 | \$ 29 |
| Physical Damage – Towing and Labor | | | |
| Other Auto Coverages | | | |
| Total: | | \$ | 140 |

Named Insured:
NICHOLAS COUNTY WATER DISTRICT

Policy Number: GPNU-PF-0002291-00/000
Policy Period: From 01-03-2020
To 01-03-2021

Vehicle # 3

Insured's #:

Insured Entity:

Year: 2007
Make: CHEVROLET
Model: SILVERADO
V.I.N.: 1GCHK24U87E182212
Valuation: Actual Cash Value

Use: Service
Class Code: 011990
State: KY
Territory: 118

| Coverages: | Limit of Insurance | Deductible | Premium |
|--|--------------------|------------|---------|
| Covered Autos Liability (combined single limit) | \$ 1,000,000 | \$ | 404 |
| Personal Injury Protection (PIP) | See Endorsement | \$ 250 | \$ 12 |
| Added Personal Injury Protection | | | |
| Property Protection Insurance (MI only) | | | |
| Auto Medical Payments | | | |
| Medical Exp. And Income Loss Benefits (VA only) | | | |
| Uninsured Motorists (UM) | \$ 1,000,000 | \$ | 27 |
| Underinsured Motorists (UIM) | \$ 1,000,000 | \$ | 97 |
| Physical Damage – Comprehensive | ACV | 500 | \$ 113 |
| Physical Damage – Specified Causes of Loss | | | |
| Physical Damage – Collision | ACV | 500 | \$ 168 |
| Physical Damage – Towing and Labor | | | |
| Other Auto Coverages | | | |
| Total: | | \$ | 821 |

Vehicle # 4

Insured's #:

Insured Entity:

Year: 2008
Make: CHEVROLET
Model: COLORADO
V.I.N.: 1GCCS149088220886
Valuation: Actual Cash Value

Use: Service
Class Code: 011990
State: KY
Territory: 118

| Coverages: | Limit of Insurance | Deductible | Premium |
|--|--------------------|------------|---------|
| Covered Autos Liability (combined single limit) | \$ 1,000,000 | \$ | 404 |
| Personal Injury Protection (PIP) | See Endorsement | \$ 250 | \$ 12 |
| Added Personal Injury Protection | | | |
| Property Protection Insurance (MI only) | | | |
| Auto Medical Payments | | | |
| Medical Exp. And Income Loss Benefits (VA only) | | | |
| Uninsured Motorists (UM) | \$ 1,000,000 | \$ | 27 |
| Underinsured Motorists (UIM) | \$ 1,000,000 | \$ | 97 |
| Physical Damage – Comprehensive | ACV | 500 | \$ 106 |
| Physical Damage – Specified Causes of Loss | | | |
| Physical Damage – Collision | ACV | 500 | \$ 159 |
| Physical Damage – Towing and Labor | | | |
| Other Auto Coverages | | | |
| Total: | | \$ | 805 |

Named Insured:
NICHOLAS COUNTY WATER DISTRICT

Policy Number: GPNU-PF-0002291-00/000
Policy Period: From 01-03-2020
To 01-03-2021

ITEM FOUR: Hired, Borrowed, and Commandeered Coverage (if applicable)

Covered Autos Liability Coverage

Rating Basis, Cost of Hire

| State | Estimated Cost of Hire for Each State | Rate Per Each \$100 Cost of Hire | Factor (If Liability Coverage is Primary) | Premium |
|---------------------------|---------------------------------------|----------------------------------|---|---------|
| KY | IF ANY | \$ 1.441 | | \$ 106 |
| TOTAL HIRED AUTO PREMIUM: | | | | \$ 106 |

Covered Autos Liability Coverage

Rating Basis, Number of Days-
(For Mobile or Farm Equipment – Rental Period Basis)

| State | Estimated Number of Days Equipment Will Be Rented | Base Premium | Factor | Premium |
|---------------------------|---|--------------|--------|---------|
| | | | | |
| TOTAL HIRED AUTO PREMIUM: | | | | |

State: KY

Physical Damage

| Coverage | Valuation and Deductible | Estimated Cost of Hire | Premium |
|---------------|---|------------------------|---------|
| Comprehensive | Actual cash value or the cost of repair, whichever is less, minus a \$ 100 deductible for each covered auto | IF ANY | \$ 25 |
| Collision | Actual cash value or the cost of repair, whichever is less, minus a \$ 500 deductible for each covered auto | IF ANY | \$ 25 |

Such insurance as is afforded by hired auto physical damage coverage also applies to autos you Commandeer.

Named Insured:
NICHOLAS COUNTY WATER DISTRICT

Policy Number: GPNU-PF-0002291-00/000
Policy Period: From 01-03-2020
To 01-03-2021

ITEM FIVE: Non-Ownership Liability

| Named Insured's Business | Rating Basis | Number | Premium |
|--------------------------|-----------------------------------|--------|---------|
| WATER DISTRICT | Number of volunteers/employees | 9 | \$ 149 |
| Extended coverage | | | INCL |

Auto Forms

See Schedule of Forms and Endorsements

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AUTO PHYSICAL DAMAGE EXTENSION ENDORSEMENT

BUSINESS AUTO COVERAGE FORM

The following revisions are made to **Section III - Physical Damage Coverage**:

TOWING

Coverage A.2., Towing, is replaced by the following:

For any "auto" listed in Item Three of the Auto Coverage Part Declarations for which a premium charge has been made for Comprehensive Coverage:

- a. We will pay reasonable labor costs incurred to make necessary repairs to the "auto" so it can be driven from the scene of disablement. This labor must be performed at a scene of disablement other than your normal garaging location for such "auto"; or
- b. We will pay for all reasonable towing costs incurred for towing the disabled "auto" from the scene of disablement to an appropriate repair facility. This includes the costs to tow the disabled "auto" to multiple facilities as necessary, prior to delivery to the final repair facility.

The most we will pay for each "auto" under this extension is \$2,500.

GLASS BREAKAGE

Coverage A.3., Glass Breakage – Hitting a Bird or Animal – Falling Objects or Missiles, replaced by the following:

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

- a. Full window glass breakage, without deductible;
- b. "Loss" caused by hitting a bird or animal; and
- c. "Loss" caused by falling objects or missiles.

DEDUCTIBLE WAIVER

The following is added to paragraph **D. Deductible**:

If a "loss" covered under this policy also involves a "loss" under an Emergency Service Organization Portable Equipment, Inland Marine or Property coverage part issued by us, only one deductible, the largest, will be applied. The deductible under the other coverage parts will be waived.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

AUTO LIABILITY EXTENSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

1. The following revisions are made to **Section II - Covered Autos Liability Coverage** and **Section IV - Business Auto Conditions**:

VOLUNTEERS, EMPLOYEES, AND ELECTED OR APPOINTED OFFICIALS AS INSURED - NON-OWNED AUTO LIABILITY COVERAGE

- a. **Coverage A.1., Who Is An Insured**, under **Section II - Covered Autos Liability Coverage** is modified by the addition of paragraphs **d.**, **e.** and **f.**, as follows:
 - d. Any volunteer or "employee" of yours while using a covered "auto" you don't own, hire or borrow, while performing duties related to the conduct of your business. Anyone else who furnished that "auto" is also an "insured".
 - e. Your elected or appointed officials while using a covered "auto" you don't own, hire or borrow, while performing duties related to the conduct of your business. Anyone else who furnished that "auto" is also an "insured".
 - f. Your commissions, authorities, boards or agencies, their commissioners, officers and members while using a covered "auto" you don't own, hire or borrow, but only while acting within the authority granted by you and only while performing duties related to the conduct of your business. Anyone else who furnished that "auto" is also an "insured".

OWNER OF TEMPORARY SUBSTITUTE AUTO AS AN INSURED - PRIMARY BASIS

- b. **Coverage A.1., Who Is An Insured**, under **Section II - Covered Autos Liability Coverage** is modified by the addition of paragraph **g.**, as follows:
 - g. The owner or anyone else from whom you rent, lease or borrow a substitute "auto" is an "insured" but only for that covered "auto". The substitute must be for a similar scheduled "auto" which is out of normal use because of its breakdown, repair, servicing, loss or destruction.
- c. The following paragraph is added to **B.5., Other Insurance of Section IV - Business Auto Conditions**:
 - e. Notwithstanding condition **5.a.** and **5.d.** above, a substitute "auto" as described under paragraph **g.** of **Section II - Covered Autos Liability Coverage, Coverage A.1., Who Is An Insured**, is deemed a covered "auto" you own. This coverage form provides primary insurance with no consideration of or contribution from other insurance for such "auto".

OWNER OF COMMANDEERED AUTO AS AN INSURED - PRIMARY BASIS

- d. **Coverage A.1., Who Is An Insured**, under **Section II - Covered Autos Liability Coverage** is modified by the addition of paragraph h., as follows:
 - h. The owner of a “commandeered auto” is an “insured” while the “auto” is in your temporary care, custody or control and is being used as part of an “emergency situation”.
- e. The following paragraph is added to **B.5., Other Insurance of Section IV - Business Auto Conditions**:
 - f. Notwithstanding condition **5.a.** and **5.d.** above, a “commandeered auto” is deemed a covered “auto” you own. This coverage form provides primary insurance with no consideration of or contribution from other insurance for such “auto”.

2. The following revisions are made to **Section II - Covered Autos Liability Coverage:**

ADDITIONAL INSURED - AUTOMATIC STATUS

- a. **Coverage A.1., Who Is An Insured**, is modified by the addition of paragraph i., as follows:
 - i. Any person or organization for whom you and such person or organization have agreed in writing in a contract or agreement that such person or organization be added as an additional “insured” on your policy, but only to the extent that person or organization qualifies as an “insured” under **Coverage A.1., Who Is An Insured**.

Any coverage provided hereunder shall be excess over any other valid and collectible insurance available to the additional “insured” whether primary, excess, contingent or on any other basis unless a written contract or agreement specifically requires that this insurance be primary in which case any other insurance available to the additional “insured” shall be considered excess and non-contributing.

ADDITIONAL EXPENSES YOU INCUR AT OUR REQUEST

- b. **Coverage A.2.a.(4), Coverage Extensions, Supplementary Payments**, is replaced by the following:
 - (4) All reasonable expenses incurred by the “insured” at our request, including actual loss of earnings up to \$300 a day because of time off from work.

EXPECTED OR INTENDED INJURY

- c. **Exclusion B.1., Expected Or Intended Injury**, is replaced by the following:
“Bodily injury” or “property damage” expected or intended from the standpoint of the “insured”. This exclusion does not apply to expected or intended “bodily injury” or “property damage” resulting from actions taken to protect persons or property and arising out of the use of a covered “auto”.

BODILY INJURY TO VOLUNTEER EMERGENCY SERVICE PROVIDERS

- d. **Exclusion B.4., Employee Indemnification And Employer's Liability**, is amended by the addition of paragraphs c. and d., as follows:
 - c. Any volunteer, if you provide or are required to provide any benefits for such volunteer under any Workers' Compensation or disability benefits law or under any similar law.
 - d. The spouse, child, parent, brother or sister of that volunteer as a consequence of paragraph c. above.

BODILY INJURY TO FELLOW VOLUNTEERS OR EMPLOYEES

- e. **Exclusion B.5., Fellow Employee**, is deleted.

3. The following revision is made to **Section IV - Business Auto Conditions:**

KNOWLEDGE OF ACCIDENT

The following paragraph is added to Paragraph **A.2. Duties In The Event Of Accident, Claim, Suit Or Loss:**

- d. The failure of any agent, volunteer or “employee” of the “insured”, other than an “employee” authorized by you to give or receive notice of an “accident”, claim, “suit” or “loss”, to notify us of any “accident” of which he or she has knowledge, shall not invalidate insurance afforded by this policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

COMMANDEERED AUTO DEFINITION ENDORSEMENT

| | |
|---|--------------------------------|
| Named Insured NICHOLAS COUNTY WATER DISTRICT | Endorsement Number |
| Policy Number GPNU-PF-0002291-00/000 | Endorsement Effective 01/03/20 |
| Countersigned by (Authorized Representative) | |

The above is required to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

SECTION V - DEFINITIONS

The following definition is added:

“Commandeered auto” means an “auto” belonging to someone else that you seize, confiscate or take arbitrarily by force, into your temporary care, custody or control while using it as part of an “emergency situation.” “Commandeered auto” does not include an “auto” owned by or available to an employee or volunteer of your organization from whom you have tacit approval to use the “auto”.

“Emergency Situation” means an unexpected situation demanding immediate official action.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AUTO PHYSICAL DAMAGE EXTENSION ENDORSEMENT - PUBLIC ENTITY AND EMERGENCY SERVICE ORGANIZATIONS

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

1. The following coverages are added to **Section III - Physical Damage Coverage**, Paragraph **A. Coverage**:

PHYSICAL DAMAGE TO VOLUNTEERS' OR EMPLOYEES' PERSONAL AUTOS

5. Physical Damage to Personal Autos

- a. At your request, we will pay up to the actual cash value for an "auto" not covered for physical damage, or the amount of the deductible under any policy covering an "auto" owned or used by a volunteer or "employee" of your insured law enforcement, firefighting, ambulance and/or rescue organization for "loss" that occurs:
 - (1) While enroute to, during and returning directly from an emergency; or
 - (2) While enroute to, during and returning from activities that are performed at the direction and knowledge of an officer of the insured law enforcement, firefighting, ambulance and/or rescue organization.
- b. At your request, we will pay the lesser of \$1,000, or the amount of the deductible under any policy covering an "auto" owned or used by your elected or appointed official, officer, volunteer or "employee" of your organization, other than your insured law enforcement, firefighting, ambulance and/or rescue organization, for "loss" that occurs while enroute to, during and returning from activities that are performed at the direction and knowledge of your elected or appointed official or officer.
- c. At your request, we will pay the rental reimbursement expenses incurred by your volunteer or "employee" for the rental of an "auto" because of "loss" sustained under Paragraph **a.(1)** to their owned "auto". The most we will pay is \$30 per day for a maximum of 30 days.
- d. Proof of statutory limits of financial responsibility as of the date of "loss" for an "auto" that is covered under this extension must be provided before payment is made for "loss" under this extension.
- e. In no event will we pay for any "loss" under this coverage to any "auto" owned, hired or borrowed by your organization.

RENTAL REIMBURSEMENT COVERAGE FOR FIREFIGHTING/RESCUE VEHICLES

6. Rental Reimbursement Coverage for Firefighting/Rescue Vehicles

- (1) This extension only applies to covered "autos" listed in Item Three of the Auto Coverage Part Declarations that are used for firefighting/rescue purposes, which are designated with a 7909 class code in the Declarations. The coverage provided under this extension does not apply to any other covered "autos" on the schedule.
- (2) We will pay for rental reimbursement expenses incurred by you for the rental of an "auto" because of "loss" to a covered "auto". Payment applies in addition to the otherwise applicable amount of each coverage you have on a covered "auto". No deductible applies to this coverage.
- (3) We will pay only for those expenses incurred during the policy period beginning 24 hours after the "loss" and ending, regardless of the policy's expiration, with the lesser of the following number of days:
 - (a) The number of days reasonably required to repair or replace the covered "auto". If "loss" is caused by theft, this number of days is added to the number of days it takes to locate the covered "auto" and return it to you.
 - (b) 40 days.
- (4) Our payment is limited to the lesser of the following amounts:
 - (a) Necessary and actual expenses incurred.
 - (b) \$250 for any one day.
- (5) This coverage does not apply while there are spare or reserve "autos" available to you for your operations.

TEMPORARY SUBSTITUTE FIREFIGHTING OR RESCUE AUTO

7. Temporary Substitute Firefighting or Rescue Autos

- a. We will provide coverage for temporary substitute firefighting and rescue "autos" you do not own. The temporary substitute "auto" must replace a covered "auto" for which a premium charge has been made for Comprehensive and/or Collision coverage. The replaced "auto" must be out of service for a period of less than six months because of its:
 - (1) Breakdown;
 - (2) Repair;
 - (3) Servicing;
 - (4) "Loss"; or
 - (5) Destruction.
- b. For temporary substitute firefighting and rescue "autos" you do not own described in paragraph a. above, Paragraph **C. Limit Of Insurance** is replaced by the following:
 - C. Limit Of Insurance**
 1. If the owner has physical damage coverage on the temporary substitute "auto", the most we will pay for "loss" in any one "accident" is the lesser of:
 - a. The amount that would have been paid by the owner's insurance policy insuring the temporary substitute firefighting or rescue "autos"; or
 - b. \$1,000,000.
 2. If the owner does not have physical damage coverage on the temporary substitute "auto", the most we will pay for "loss" in any one "accident" is the least of:
 - a. The actual cash value of the damaged or stolen property as of the time of the "loss"; or
 - b. The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality; or
 - c. \$1,000,000.
- c. The deductible assigned to the temporary substitute "auto" will be the same as the firefighting or rescue covered "auto" that is being replaced.

- d. For the purpose of this coverage, Paragraph d. of **B.5., Other Insurance**, is deleted. The temporary substitute "auto" is deemed to be a covered "auto" you own and with no consideration of or contribution from other valid and collectible insurance for the "auto".

FORESTRY VEHICLES AND FORESTRY EQUIPMENT

8. Any "auto" that is a "forestry vehicle" and is not scheduled for physical damage is a covered "auto". Any equipment that is "forestry equipment" and is installed on a covered "auto" is covered equipment. For the purpose of this extension, "forestry vehicle" means an "auto" you don't own, used for firefighting purposes, that is on loan to you from a state agency under the Federal Excess Personal Property program or any similar program. "Forestry equipment" means any firefighting equipment you don't own that is on loan to you from a state agency under the Federal Excess Personal Property program or any similar program and is installed on an "auto" you own or on a "forestry vehicle".

The following replaces paragraph **C. Limit of Insurance**:

The most we will pay for "loss" to a "forestry vehicle" or "forestry equipment" in any one "accident" is the lesser of:

- a. The actual cash value of the damaged or stolen property as of the time of the "loss"; or
- b. The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality.

An adjustment for depreciation and physical condition will be made in determining actual cash value in the event of a total "loss". No payment will be made under this extension unless the damaged or stolen property is actually repaired or replaced. Repairs to or replacement of the damaged or stolen property with the same kind of property must be done within a year of the date of "loss". If a repair or replacement results in better than like kind or quality, we will not pay for the amount of the betterment.

For any Comprehensive "losses" covered by this extension, we will use the smallest Comprehensive deductible applying to any of your scheduled "autos". For any Collision "losses" covered by this extension, we will use the smallest Collision deductible applying to any of your scheduled "autos".

We shall have no salvage rights to any "forestry vehicle" or "forestry equipment".

2. The following revisions are made to **Section III - Physical Damage Coverage**:

AIRBAG COVERAGE

- a. The exclusion for "loss" caused by mechanical breakdown in sub-paragraph **3.a. of B. Exclusions** does not apply to the accidental discharge of an airbag.

FREEZING COVERAGE ON EMERGENCY VEHICLES

- b. The exclusion for "loss" caused by freezing in sub-paragraph **3.a. of B. Exclusions** does not apply to permanently attached special equipment common to a firefighting or rescue vehicle caused by freezing, unless the "loss" is caused by your failure to properly maintain such equipment. Such equipment shall include but is not limited to pumps, gauges and tanks. In no event will the "loss" to a vehicle's engine caused by freezing be covered by this policy.

CUSTOMIZED VEHICLE EXTENSION

- c. For scheduled customized covered "autos" not covered on an agreed value basis that are owned by your law enforcement, firefighting, ambulance and/or rescue organization, the following is added to paragraph **C. Limit Of Insurance**:

5. We will pay the additional repair or replacement costs necessary to customize the damaged "auto" with permanently installed equipment of like kind and quality, without deduction for depreciation. We will also include the cost of installation onto a replacement "auto" if the covered "auto" is not repairable. Permanently installed means equipment that is permanently installed in the covered "auto" at the time of the "loss" or equipment that 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". This customization will include, but is not limited to, the following:

- a. custom painting and gold leaf lettering,
- b. light bars and sirens,
- c. permanently installed communications equipment, Global Positioning Systems (GPS), traffic signal control systems, electronic license plate readers, and radar equipment, and
- d. computer or electronic equipment that receives or transmits audio, visual or data signals.

In addition, we will pay for property owned by you that is permanently installed in an "auto" not owned by you.

DEDUCTIBLE WAIVER

- d. The following is added to paragraph **D. Deductible**:

Regardless of the number of covered "autos" suffering a physical damage "loss" while engaged in a single law enforcement, firefighting, ambulance and/or rescue emergency, only one deductible, the largest, shall apply to the entire event.

BUSINESS AUTO COVERAGE FORM

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

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V – Definitions.

SECTION I – COVERED AUTOS

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

A. Description Of Covered Auto Designation Symbols

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

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

B. Owned Autos You Acquire After The Policy Begins

1. If Symbols **1, 2, 3, 4, 5, 6** or **19** are entered next to a coverage in Item Two of the Declarations, then you have coverage for "autos" that you acquire of the type described for the remainder of the policy period.
2. But, if Symbol **7** is entered next to a coverage in Item Two of the Declarations, an "auto" you acquire will be a covered "auto" for that coverage only if:
 - a. We already cover all "autos" that you own for that coverage or it replaces an "auto" you previously owned that had that coverage; and
 - b. You tell us within 30 days after you acquire it that you want us to cover it for that coverage.

C. Certain Trailers, Mobile Equipment And Temporary Substitute Autos

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

1. "Trailers" with a 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 – COVERED AUTOS LIABILITY COVERAGE

A. Coverage

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

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

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

1. Who Is An Insured

The following are "insureds":

- a. You for any covered "auto".
- b. Anyone else while using with your permission a covered "auto" you own, hire or borrow except:
 - (1) The owner or anyone else from whom you hire or borrow a covered "auto".

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

- (2) Your "employee" if the covered "auto" is owned by that "employee" or a member of his or her household.
- (3) Someone using a covered "auto" while he or she is working in a business of selling, servicing, repairing, parking or storing "autos" unless that business is yours.
- (4) Anyone other than your "employees", partners (if you are a partnership), members (if you are a limited liability company) or a lessee or borrower or any of their "employees", while moving property to or from a covered "auto".
- (5) A partner (if you are a partnership) or a member (if you are a limited liability company) for a covered "auto" owned by him or her or a member of his or her household.

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

2. Coverage Extensions

a. Supplementary Payments

We will pay for the "insured":

- (1) All expenses we incur.
- (2) Up to \$2,000 for cost of bail bonds (including bonds for related traffic law violations) required because of an "accident" we cover. We do not have to furnish these bonds.
- (3) The cost of bonds to release attachments in any "suit" against the "insured" we defend, but only for bond amounts within our Limit of Insurance.
- (4) All reasonable expenses incurred by the "insured" at our request, including actual loss of earnings up to \$250 a day because of time off from work.
- (5) All court costs taxed against the "insured" in any "suit" against the "insured" we defend. However, these payments do not include attorneys' fees or attorneys' expenses taxed against the "insured".
- (6) All interest on the full amount of any judgment that accrues after entry of the judgment in any "suit" against the "insured" we defend, but our duty to pay interest ends when we have paid, offered to pay or deposited in court the part of the judgment that is within our Limit of Insurance.

These payments will not reduce the Limit of Insurance.

b. Out-of-state Coverage Extensions

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

- (1) Increase the Limit of Insurance for Covered Autos Liability Coverage to meet the limits specified by a compulsory or financial responsibility law of the jurisdiction where the covered "auto" is being used. This extension does not apply to the limit or limits specified by any law governing motor carriers of passengers or property.
- (2) Provide the minimum amounts and types of other coverages, such as no-fault, required of out-of-state vehicles by the jurisdiction where the covered "auto" is being used.

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

B. Exclusions

This insurance does not apply to any of the following:

1. Expected Or Intended Injury

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

2. Contractual

Liability assumed under any contract or agreement.

But this exclusion does not apply to liability for damages:

- a. Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement; or
- b. That the "insured" would have in the absence of the contract or agreement.

3. Workers' Compensation

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

4. Employee Indemnification And Employer's Liability

"Bodily injury" to:

- a. An "employee" of the "insured" arising out of and in the course of:
 - (1) Employment by the "insured"; or
 - (2) Performing the duties related to the conduct of the "insured's" business; or
- b. The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph a. above.

This exclusion applies:

- (1) Whether the "insured" may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

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

5. Fellow Employee

"Bodily injury" to:

- a. Any fellow "employee" of the "insured" arising out of and in the course of the fellow "employee's" employment or while performing duties related to the conduct of your business; or
- b. The spouse, child, parent, brother or sister of that fellow "employee" as a consequence of Paragraph a. above.

6. Care, Custody Or Control

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

7. Handling Of Property

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

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

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

8. Movement Of Property By Mechanical Device

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

9. Operations

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

- a. Any equipment listed in Paragraphs 6.b. and 6.c. of the definition of "mobile equipment"; or
- b. Machinery or equipment that is on, attached to or part of a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

10. Completed Operations

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

In this exclusion, your work means:

- a. Work or operations performed by you or on your behalf; and
- b. Materials, parts or equipment furnished in connection with such work or operations.

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

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

- (1) When all of the work called for in your contract has been completed;
- (2) When all of the work to be done at the site has been completed if your contract calls for work at more than one site; or
- (3) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

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

11. Pollution

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

- a. That are, or that are contained in any property that is:
 - (1) Being transported or towed by, handled or handled for movement into, onto or from the covered "auto";
 - (2) Otherwise in the course of transit by or on behalf of the "insured"; or
 - (3) Being stored, disposed of, treated or processed in or upon the covered "auto";
- b. Before the "pollutants" or any property in which the "pollutants" are contained are moved from the place where they are accepted by the "insured" for movement into or onto the covered "auto"; or
- c. After the "pollutants" or any property in which the "pollutants" are contained are moved from the covered "auto" to the place where they are finally delivered, disposed of or abandoned by the "insured".

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

- (1) The "pollutants" escape, seep, migrate or are discharged, dispersed or released directly from an "auto" part designed by its manufacturer to hold, store, receive or dispose of such "pollutants"; and
- (2) The "bodily injury", "property damage" or "covered pollution cost or expense" does not arise out of the operation of any equipment listed in Paragraphs 6.b. and 6.c. of the definition of "mobile equipment".

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

- (a) The "pollutants" or any property in which the "pollutants" are contained are upset, overturned or damaged as a result of the maintenance or use of a covered "auto"; and
- (b) The discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused directly by such upset, overturn or damage.

12. War

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

- a. War, including undeclared or civil war;
- b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- c. Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

13. Racing

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

C. Limit Of Insurance

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

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

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

SECTION III – PHYSICAL DAMAGE COVERAGE

A. Coverage

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

a. Comprehensive Coverage

From any cause except:

- (1) The covered "auto's" collision with another object; or
- (2) The covered "auto's" overturn.

b. Specified Causes Of Loss Coverage

Caused by:

- (1) Fire, lightning or explosion;
- (2) Theft;
- (3) Windstorm, hail or earthquake;
- (4) Flood;
- (5) Mischief or vandalism; or
- (6) The sinking, burning, collision or derailment of any conveyance transporting the covered "auto".

c. Collision Coverage

Caused by:

- (1) The covered "auto's" collision with another object; or
- (2) The covered "auto's" overturn.

2. Towing

We will pay up to the limit shown in the Declarations for towing and labor costs incurred 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:

- a. Glass breakage;
- b. "Loss" caused by hitting a bird or animal; and
- c. "Loss" caused by falling objects or missiles.

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

4. Coverage Extensions

a. Transportation Expenses

We will pay up to \$20 per day, to a maximum of \$600, for temporary transportation expense incurred by you because of the total theft of a covered "auto" of the private passenger type. We will pay only for those covered "autos" for which you carry either Comprehensive or Specified Causes Of Loss Coverage. We will pay for temporary transportation expenses incurred during the period beginning 48 hours after the theft and ending, regardless of the policy's expiration, when the covered "auto" is returned to use or we pay for its "loss".

b. Loss Of Use Expenses

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

- (1) Other than collision only if the Declarations indicates that Comprehensive Coverage is provided for any covered "auto";
- (2) Specified Causes Of Loss only if the Declarations indicates that Specified Causes Of Loss Coverage is provided for any covered "auto"; or

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

However, the most we will pay for any expenses for loss of use is \$20 per day, to a maximum of \$600.

B. Exclusions

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

a. Nuclear Hazard

- (1) The explosion of any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination, however caused.

b. War Or Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

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

3. We will not pay for "loss" due and confined to:
 - a. Wear and tear, freezing, mechanical or electrical breakdown.
 - b. Blowouts, punctures or other road damage to tires.

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

4. We will not pay for "loss" to any of the following:
 - a. Tapes, records, discs or other similar audio, visual or data electronic devices designed for use with audio, visual or data electronic equipment.

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

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

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

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

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

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

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

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

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

C. Limits Of Insurance

1. The most we will pay for:

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

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

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

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

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

- (2) Removable from a permanently installed housing unit as described in Paragraph **b.(1)** above; or
 - (3) An integral part of such equipment as described in Paragraphs **b.(1)** and **b.(2)** above.
2. An adjustment for depreciation and physical condition will be made in determining actual cash value in the event of a total "loss".
 3. If a repair or replacement results in better than like kind or quality, we will not pay for the amount of the betterment.

D. Deductible

For each covered "auto", our obligation to pay for, repair, return or replace damaged or stolen property will be reduced by the applicable deductible shown in the Declarations. Any Comprehensive Coverage deductible shown in the Declarations does not apply to "loss" caused by fire or lightning.

SECTION IV – BUSINESS AUTO CONDITIONS

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

A. Loss Conditions

1. Appraisal For Physical Damage Loss

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

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

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

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

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

- a. In the event of "accident", claim, "suit" or "loss", you must give us or our authorized representative prompt notice of the "accident" or "loss". Include:
 - (1) How, when and where the "accident" or "loss" occurred;

- (2) The "insured's" name and address; and
 - (3) To the extent possible, the names and addresses of any injured persons and witnesses.
- b. Additionally, you and any other involved "insured" must:
 - (1) Assume no obligation, make no payment or incur no expense without our consent, except at the "insured's" own cost.
 - (2) Immediately send us copies of any request, demand, order, notice, summons or legal paper received concerning the claim or "suit".
 - (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit".
 - (4) Authorize us to obtain medical records or other pertinent information.
 - (5) Submit to examination, at our expense, by physicians of our choice, as often as we reasonably require.

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

- (1) Promptly notify the police if the covered "auto" or any of its equipment is stolen.
- (2) Take all reasonable steps to protect the covered "auto" from further damage. Also keep a record of your expenses for consideration in the settlement of the claim.
- (3) Permit us to inspect the covered "auto" and records proving the "loss" before its repair or disposition.
- (4) Agree to examinations under oath at our request and give us a signed statement of your answers.

3. Legal Action Against Us

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

- a. There has been full compliance with all the terms of this Coverage Form; and
- b. Under Covered Autos Liability Coverage, we agree in writing that the "insured" has an obligation to pay or until the amount of that obligation has finally been determined by judgment after trial. No one has the right under this policy to bring us into an action to determine the "insured's" liability.

4. Loss Payment – Physical Damage Coverages

At our option, we may:

- a. Pay for, repair or replace damaged or stolen property;
- b. Return the stolen property, at our expense. We will pay for any damage that results to the "auto" from the theft; or
- c. Take all or any part of the damaged or stolen property at an agreed or appraised value.

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

5. Transfer Of Rights Of Recovery Against Others To Us

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

B. General Conditions

1. Bankruptcy

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

2. Concealment, Misrepresentation Or Fraud

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

- a. This Coverage Form;
- b. The covered "auto";
- c. Your interest in the covered "auto"; or
- d. A claim under this Coverage Form.

3. Liberalization

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

4. No Benefit To Bailee – Physical Damage Coverages

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

5. Other Insurance

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

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

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

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

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

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

6. Premium Audit

- a. The estimated premium for this Coverage Form is based on the exposures you told us you would have when this policy began. We will compute the final premium due when we determine your actual exposures. The estimated total premium will be credited against the final premium due and the first Named Insured will be billed for the balance, if any. The due date for the final premium or retrospective premium is the date shown as the due date on the bill. If the estimated total premium exceeds the final premium due, the first Named Insured will get a refund.
- b. If this policy is issued for more than one year, the premium for this Coverage Form will be computed annually based on our rates or premiums in effect at the beginning of each year of the policy.

7. Policy Period, Coverage Territory

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

- a. During the policy period shown in the Declarations; and
- b. Within the coverage territory.

The coverage territory is:

- (1) The United States of America;
- (2) The territories and possessions of the United States of America;
- (3) Puerto Rico;
- (4) Canada; and
- (5) Anywhere in the world if a covered "auto" of the private passenger type is leased, hired, rented or borrowed without a driver for a period of 30 days or less,

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

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

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

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

SECTION V – DEFINITIONS

- A. "Accident" includes continuous or repeated exposure to the same conditions resulting in "bodily injury" or "property damage".
- B. "Auto" means:
 1. A land motor vehicle, "trailer" or semitrailer designed for travel on public roads; or

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

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

- C. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these.
- D. "Covered pollution cost or expense" means any cost or expense arising out of:

1. Any request, demand, order or statutory or regulatory requirement that any "insured" or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
2. Any claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

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

- a. That are, or that are contained in any property that is:
 - (1) Being transported or towed by, handled or handled for movement into, onto or from the covered "auto";
 - (2) Otherwise in the course of transit by or on behalf of the "insured"; or
 - (3) Being stored, disposed of, treated or processed in or upon the covered "auto";
- b. Before the "pollutants" or any property in which the "pollutants" are contained are moved from the place where they are accepted by the "insured" for movement into or onto the covered "auto"; or
- c. After the "pollutants" or any property in which the "pollutants" are contained are moved from the covered "auto" to the place where they are finally delivered, disposed of or abandoned by the "insured".

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

- (1) The "pollutants" escape, seep, migrate or are discharged, dispersed or released directly from an "auto" part designed by its manufacturer to hold, store, receive or dispose of such "pollutants"; and
- (2) The "bodily injury", "property damage" or "covered pollution cost or expense" does not arise out of the operation of any equipment listed in Paragraph **6.b.** or **6.c.** of the definition of "mobile equipment".

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

- (a) The "pollutants" or any property in which the "pollutants" are contained are upset, overturned or damaged as a result of the maintenance or use of a covered "auto"; and
- (b) The discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused directly by such upset, overturn or damage.

- E.** "Diminution in value" means the actual or perceived loss in market value or resale value which results from a direct and accidental "loss".
- F.** "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
- G.** "Insured" means any person or organization qualifying as an insured in the Who Is An Insured provision of the applicable coverage. Except with respect to the Limit of Insurance, the coverage afforded applies separately to each insured who is seeking coverage or against whom a claim or "suit" is brought.
- H.** "Insured contract" means:
1. A lease of premises;
 2. A sidetrack agreement;
 3. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
 4. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;

5. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another to pay for "bodily injury" or "property damage" to a third party or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement; or
6. That part of any contract or agreement entered into, as part of your business, pertaining to the rental or lease, by you or any of your "employees", of any "auto". However, such contract or agreement shall not be considered an "insured contract" to the extent that it obligates you or any of your "employees" to pay for "property damage" to any "auto" rented or leased by you or any of your "employees".

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

- a. That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing;
 - b. That pertains to the loan, lease or rental of an "auto" to you or any of your "employees", if the "auto" is loaned, leased or rented with a driver; or
 - c. That holds a person or organization engaged in the business of transporting property by "auto" for hire harmless for your use of a covered "auto" over a route or territory that person or organization is authorized to serve by public authority.
- I.** "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
- J.** "Loss" means direct and accidental loss or damage.
- K.** "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:
1. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
 2. Vehicles maintained for use solely on or next to premises you own or rent;
 3. Vehicles that travel on crawler treads;

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

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

- L. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- M. "Property damage" means damage to or loss of use of tangible property.
- N. "Suit" means a civil proceeding in which:
 1. Damages because of "bodily injury" or "property damage"; or
 2. A "covered pollution cost or expense";
 to which this insurance applies, are alleged.
 "Suit" includes:
 - a. An arbitration proceeding in which such damages or "covered pollution costs or expenses" are claimed and to which the "insured" must submit or does submit with our consent; or
 - b. Any other alternative dispute resolution proceeding in which such damages or "covered pollution costs or expenses" are claimed and to which the insured submits with our consent.
- O. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.
- P. "Trailer" includes semitrailer.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KENTUCKY CHANGES

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

BUSINESS AUTO COVERAGE FORM
MOTOR CARRIER COVERAGE FORM

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

A. Changes In Covered Autos

The following is added to Paragraph **C. Certain Trailers, Mobile Equipment And Temporary Substitute Autos** of **Section I – Covered Autos**:

If Collision Coverage is provided by the Coverage Form, any "auto" you do not own which is loaned to you as a temporary substitute for a covered "auto" you own that is out of use because of its breakdown, repair or servicing by a person, firm or corporation engaged in the business of selling, repairing and servicing "autos" is a covered "auto" for Collision Coverage.

B. Changes In Covered Autos Liability Coverage

The following Covered Autos Liability Coverage exclusions apply only to the extent that the limits of liability for such coverage exceed the limits of liability required by the Kentucky Motor Vehicle Reparations Act:

1. Expected Or Intended Injury;
2. Care, Custody Or Control; and
3. Pollution.

C. Changes In Physical Damage Coverage

No deductible applies under Comprehensive Coverage to "loss" to:

1. Glass used in the windshield, doors and windows; and
2. Glass, plastic or any other material used in lights required on an automobile by Chapter 189 of Kentucky Revised Statutes.

All other Physical Damage Coverage Provisions apply.

D. Changes In Conditions

1. The **Concealment, Misrepresentation Or Fraud** Condition is amended by the addition of the following:

However, once an "accident" has occurred while this Coverage Form is in effect, this condition does not apply to the Covered Autos Liability Coverage provided by this Coverage Form, except that we will provide Covered Autos Liability Coverage only up to the minimum limits of liability required by the Kentucky Motor Vehicle Reparations Act if you, or any other "insured", intentionally conceals or misrepresents a material fact, or commits fraud, in obtaining this policy.

2. The **Other Insurance** Condition in the Business Auto Coverage Form and the **Other Insurance – Primary And Excess Insurance Provisions** Condition in the Motor Carrier Coverage Form are changed by adding the following:

- a. For a temporary substitute for an "auto" you own which is out of use because of its breakdown, repair or servicing, if the substitute "auto" is operated by an "insured" and is loaned to you, with or without consideration, by a person engaged in the business of selling, repairing and servicing "autos", Covered Autos Liability and Collision Coverages provided by this form shall be primary in the event of an "accident" or "loss" caused by the negligence of the "insured".

- b. If you are engaged in the business of selling, repairing and servicing "autos", then for any "auto" you own, which is loaned to a customer, with or without consideration, as a temporary substitute for an "auto" owned by the customer which is out of use because of its breakdown, repair or servicing, Covered Autos Liability and Collision Coverages provided by this form shall be excess in the event of an "accident" or "loss" caused by the negligence of the customer.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KENTUCKY UNINSURED MOTORISTS COVERAGE

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

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

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

This endorsement changes the policy effective on the inception date of the policy unless another date is indicated below.

| |
|------------------------------------|
| Named Insured: |
| Endorsement Effective Date: |

SCHEDULE

| | |
|--|------------------------|
| Limit Of Insurance: \$1,000,000 | Each "Accident" |
| Information required to complete this Schedule, if not shown above, will be shown in the Declarations. | |

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

If the Named Insured is designated in the Declarations as:

1. An individual, then the following are "insureds":
 - a. The Named Insured and any "family members".

- b. Anyone else "occupying" a covered "auto" or a temporary substitute for a covered "auto". The covered "auto" must be out of service because of its breakdown, repair, servicing, "loss" or destruction.

- c. Anyone for damages he or she is entitled to recover because of "bodily injury" sustained by another "insured".

2. A partnership, limited liability company, corporation or any other form of organization, then the following are "insureds":

- a. Anyone "occupying" a covered "auto" or a temporary substitute for a covered "auto". The covered "auto" must be out of service because of its breakdown, repair, servicing, "loss" or destruction.

- b. 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. Anyone using a vehicle without a reasonable belief that the person is entitled to do so.
4. Punitive or exemplary damages.
5. "Bodily injury" arising directly or indirectly out of:
 - a. War, including undeclared or civil war;
 - b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
 - c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

D. Limit Of Insurance

1. Regardless of the number of covered "autos", "insureds", premiums paid, claims made or vehicles involved in the "accident", the most we will pay for all damages resulting from any one "accident", is the limit of Uninsured Motorists Insurance shown in the Schedule or Declarations. If there is more than one covered "auto", our Limit of Insurance for any one "accident", if the "bodily injury" is sustained by an individual Named Insured or any "family member", is the sum of the limits applicable to each covered "auto". Subject to this maximum limit of liability for all damages:
 - a. The most we will pay for all damages sustained in such "accident" by an "insured" other than an individual Named Insured or any "family member" is that "insured's" pro rata share of the limit shown in the Schedule or Declarations applicable to the vehicle that "insured" was "occupying" at the time of the "accident".
 - b. An individual Named Insured or any "family member" who sustains "bodily injury" in such "accident" will also be entitled to a pro rata share of the limit described in Paragraph a. above.

A person's pro rata share is the proportion that that person's damages bears to the total damages sustained by all "insureds".

2. If the "bodily injury" is sustained by any "insured", other than the individual Named Insured or any "family member", in an "accident" in which neither such Named Insured nor any "family member" sustained "bodily injury", the Limit Of Liability shown in the Schedule or Declarations for this coverage 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 Coverage Form and any Liability Coverage form, Medical Payments endorsement or Underinsured Motorists Coverage endorsement attached to this Coverage Part.
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 are changed for Uninsured Motorists Coverage as follows:

1. **Other Insurance** in the Auto Dealers and Business Auto Coverage Forms and **Other Insurance – Primary And Excess Insurance Provisions** in the Motor Carrier Coverage Form are changed by addition of the following:
 - a. The reference to "other collectible insurance" applies only to other collectible uninsured motorists insurance.
 - b. Any insurance we provide with respect to a vehicle owned by the Named Insured or, if the Named Insured is an individual, any "family member", that is not a covered "auto" for Uninsured Motorists Coverage under this Coverage Form, shall be excess over any other collectible uninsured motorists insurance providing coverage on a primary basis.

2. Duties In The Event Of Accident, Claim, Suit Or Loss in the Business Auto and Motor Carrier Coverage Forms and **Duties In The Event Of Accident, Claim, Offense, Suit, Loss Or Acts, Errors Or Omissions** in the Auto Dealers Coverage Form are 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. The Legal Action Against Us provision is replaced by the following:

Legal Action Against Us

- a. No one may bring a legal action against us under this Coverage Form until there has been full compliance with all the terms of this Coverage Form.
- b. Any legal action against us under this Coverage Form must be brought within two years after the date of the "accident". However, this Paragraph **3.b.** does not apply to an "insured" if, within two years after the date of the "accident", we and the "insured" agree to arbitration in accordance with this endorsement.

4. 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.

5. 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. Both parties must agree to arbitration. If so agreed, 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. Any decision agreed to by two of the arbitrators will be binding.

- c. The "insured" will not be required to arbitrate disputed claims.

6. The Two Or More Coverage Forms Or Policies Issued By Us General Condition does not apply to Uninsured Motorists Coverage. However, no one will be entitled to receive duplicate payments for the same elements of "loss".

F. Additional Definitions

As used in this endorsement:

- 1. "Family member" means a person related to an individual Named Insured by blood, marriage or adoption, who is a resident of such Named Insured's household, including a ward or foster child.
- 2. "Occupying" means in, upon, getting in, on, out or off.
- 3. "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" or must hit another vehicle which, in turn, hits 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 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 while not on public roads.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KENTUCKY UNDERINSURED MOTORISTS COVERAGE

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

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

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

This endorsement changes the policy effective on the inception date of the policy unless another date is indicated below.

| |
|------------------------------------|
| Named Insured: |
| Endorsement Effective Date: |

SCHEDULE

| | |
|--|------------------------|
| Limit Of Insurance: \$1,000,000 | Each "Accident" |
| Information required to complete this Schedule, if not shown above, will be shown in the Declarations. | |

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

If the Named Insured is designated in the Declarations as:

1. An individual, then the following are "insureds":
 - a. The Named Insured and any "family members".

- b. Anyone else "occupying" a covered "auto" or a temporary substitute for a covered "auto". The covered "auto" must be out of service because of its breakdown, repair, servicing, "loss" or destruction.
 - c. Anyone for damages he or she is entitled to recover because of "bodily injury" sustained by another "insured".
2. A partnership, limited liability company, corporation or any other form of organization, then the following are "insureds":
 - a. Anyone "occupying" a covered "auto" or a temporary substitute for a covered "auto". The covered "auto" must be out of service because of its breakdown, repair, servicing, "loss" or destruction.
 - b. 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. The direct or indirect benefit of any insurer or self-insurer under any workers' compensation, disability benefits or similar law.
2. Anyone using a vehicle without a reasonable belief that the person is entitled to do so.
3. Punitive or exemplary damages.
4. "Bodily injury" arising directly or indirectly out of:
 - a. War, including undeclared or civil war;
 - b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
 - c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

D. Limit Of Insurance

1. Regardless of the number of covered "autos", "insureds", premiums paid, claims made or vehicles involved in the "accident", the most we will pay for all damages resulting from any one "accident" is the limit of Underinsured Motorists Insurance shown in the Schedule or Declarations. If there is more than one covered "auto", our Limit of Insurance for any one "accident", if the "bodily injury" is sustained by an individual Named Insured or any "family member", is the sum of the limits applicable to each covered "auto". Subject to this maximum limit of liability for all damages:
 - a. The most we will pay for all damages sustained in such "accident" by an "insured" other than an individual Named Insured or any "family member" is that "insured's" pro rata share of the limit shown in the Schedule or Declarations applicable to the vehicle that "insured" was "occupying" at the time of the "accident".
 - b. An individual Named Insured or any "family member" who sustains "bodily injury" in such "accident" will also be entitled to a pro rata share of the limit described in Paragraph a. above.

A person's pro rata share is the proportion that that person's damages bears to the total damages sustained by all "insureds".

2. If the "bodily injury" is sustained by any "insured", other than the individual Named Insured or any "family member", in an "accident" in which neither such Named Insured nor any "family member" sustained "bodily injury", the Limit Of Liability shown in the Schedule or Declarations for this coverage 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 Coverage Form and any Liability Coverage form, Medical Payments Coverage endorsement or Uninsured Motorists Coverage endorsement attached to this Coverage Part.
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 reduce the "insured's" total damages by any amount available to that "insured" under any liability bonds or policies applicable to the "underinsured motor vehicle" that such "insured" did not recover as a result of a settlement between that "insured" and the insurer of an "underinsured motor vehicle". However, any reduction of the "insured's" total damages will not reduce the limit of liability for this coverage.

This paragraph shall not apply if we advance payment to the "insured" in an amount equal to the tentative settlement with the insurer of the "underinsured motor vehicle".

6. 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 are changed for Underinsured Motorists Coverage as follows:

1. **Other Insurance** in the Auto Dealers and Business Auto Coverage Forms and **Other Insurance – Primary And Excess Insurance Provisions** in the Motor Carrier Coverage Form are changed by addition of the following:
 - a. The reference to "other collectible insurance" applies only to other collectible underinsured motorists insurance.

- b. Any insurance we provide with respect to a vehicle owned by the Named Insured or, if the Named Insured is an individual, any "family member", that is not a covered "auto" for Underinsured Motorists Coverage under this Coverage Form, shall be excess over any other collectible underinsured motorists insurance providing coverage on a primary basis.

2. Duties In The Event Of Accident, Claim, Suit Or Loss in the Business Auto and Motor Carrier Coverage Forms and **Duties In The Event Of Accident, Claim, Offense, Suit, Loss Or Acts, Errors Or Omissions** in the Auto Dealers Coverage Form are changed by adding the following:

A person seeking Underinsured Motorists Coverage must also promptly notify us in writing by certified or registered mail 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. The Legal Action Against Us Provision is replaced by the following:

Legal Action Against Us

- a. No one may bring a legal action against us under this Coverage Form until there has been full compliance with all the terms of this Coverage Form.
- b. Any legal action against us under this Coverage Form must be brought within two years after the date of the "accident". However, this Paragraph **3.b.** does not apply to an "insured" if, within two years after the date of the "accident", we and the "insured" agree to arbitration in accordance with this endorsement.

4. Transfer Of Rights Of Recovery Against Others To Us is changed by adding the following:

Our rights do not apply under this provision with respect to Underinsured Motorists Coverage if we:

- a. Have been given prompt written notice by certified or registered mail of a tentative settlement between the "insured" and the insurer of an "underinsured motor vehicle"; and

- b. Fail to advance payment to the "insured" in an amount equal to the tentative settlement within 30 days after receipt of notification.

If we advance payment to an "insured" in an amount equal to the tentative settlement within 30 days after receipt of notification:

- a. That payment will be separate from any amount the "insured" is entitled to recover under the provisions of Underinsured Motorists Coverage; and

- b. We also have the right to recover the advanced payment.

In any recovery, we will be entitled to payment only after the "insured" has been fully compensated.

5. 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. Both parties must agree to arbitration. If so agreed, 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 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. Any decision agreed to by two of the arbitrators will be binding.

- c. The "insured" shall not be required to arbitrate disputed claims.

6. The Two Or More Coverage Forms Or Policies Issued By Us General Condition does not apply to Underinsured Motorists Coverage. However, no one will be entitled to receive duplicate payments for the same elements of "loss".

F. Additional Definitions

As used in this endorsement:

1. "Family member" means a person related to an individual Named Insured by blood, marriage or adoption, who is a resident of such Named Insured's household, including a ward or foster child.
 2. "Occupying" means in, upon, getting in, on, out or off.
 3. "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. Designed for use mainly off public roads while not on public roads;
 - c. 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; or
 - d. Owned by or furnished or available for the regular use of you or any "family member".

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KENTUCKY PERSONAL INJURY PROTECTION

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

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

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

A. Coverage

The company 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, licensed ambulance services 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 the "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 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.
This exclusion does not apply to "bodily injury" sustained by any occupant of a bus if such occupant is a Kentucky resident, boarded the bus in Kentucky and the bus is registered in Kentucky with the security required under Kentucky Revised Statutes Chapter 304, Subtitle 39. However, this exception does not apply if the bus is owned by a government other than the Commonwealth of Kentucky, its political subdivisions, municipal corporations or public agencies.
7. Sustained by any person arising out of the use of any "motor vehicle" while located as a residence or premises.
8. Arising directly or indirectly out of:
 - a. War, including undeclared or civil war;
 - b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
 - c. Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.
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, the company's 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 is 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 the company 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 workmen's 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 workmen's 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 the company reasonable proof of a lower value of the income tax advantage.

E. Changes In Conditions

The Conditions are changed for Personal Injury Protection as follows:

1. **Duties In The Event Of Accident, Claim, Suit Or Loss** in the Business Auto and Motor Carrier Coverage Forms and **Duties In The Event Of Accident, Claim, Offense, Suit, Loss Or Acts, Errors Or Omissions** in the Auto Dealers Coverage Form are 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 the company or any of its authorized agents as soon as practicable.
 - b. As soon as practicable, the "insured" or someone on his behalf shall give the company 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 the company in determining the amount due and payable. The "insured" shall submit, when required by order of a court, to a physical or mental examination by a physician specified in the court order.

2. The **Transfer Of Rights Of Recovery Against Others To Us** Condition is replaced by the following:

Transfer Of Rights Of Recovery Against Others To Us

Subject to the provisions of the Kentucky Revised Statutes Chapter 304, Subtitle 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 Dealers and Business Auto Coverage Forms and the **Other Insurance – Primary And Excess Insurance Provisions** Condition in the Motor Carrier Coverage Form are 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

- 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".

Nonduplication 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 the 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, the company 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 the option of the company.

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". Kentucky Revised Statutes Section 304.39-060 provides in part that:

- (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 subtitle, 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 subtitle are payable therefor, or that would be payable but for any deductible authorized by this subtitle, under any insurance policy or other method of security complying with the requirements of this subtitle, except to the extent noneconomic 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 subtitle, or against any person or organization legally responsible for his or her 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 payable but for any exclusion or deductible authorized by this subtitle exceed \$1,000, 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, nor for injury to the passenger of a motorcycle arising out of the maintenance or use of such motorcycle.

(3) Any person may refuse to consent to the limitations of his or her tort rights and liabilities as contained in this section. Such rejection must be completed in writing or electronically 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" Covered Autos 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.
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.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROFESSIONAL SERVICES NOT COVERED

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

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

Covered Autos Liability Coverage is changed by adding the following exclusions:

This insurance does not apply to:

1. "Bodily injury" resulting from the providing or the failure to provide any medical or other professional services.
2. "Bodily injury" resulting from food or drink furnished with these services.
3. "Bodily injury" or "property damage" resulting from the handling of corpses.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

GOVERNMENTAL BODIES AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

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

Any land motor vehicle or "trailer" you own or lease that is designed for travel on public roads is an "auto" and not "mobile equipment" if the sole reason for considering it "mobile equipment" is such vehicle is used solely on roads you own.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

POLLUTION LIABILITY – BROADENED COVERAGE FOR COVERED AUTOS – BUSINESS AUTO AND MOTOR CARRIER COVERAGE FORMS

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM
MOTOR CARRIER COVERAGE FORM

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

A. Covered Autos Liability Coverage is changed as follows:

1. Paragraph **a.** of the **Pollution** Exclusion applies only to liability assumed under a contract or agreement.
2. With respect to the coverage afforded by Paragraph **A.1.** above, Exclusion **B.6. Care, Custody Or Control** does not apply.

B. Changes In Definitions

For the purposes of this endorsement, Paragraph **D.** of the **Definitions** Section is replaced by the following:

- D.** "Covered pollution cost or expense" means any cost or expense arising out of:
1. Any request, demand, order or statutory or regulatory requirement that any "insured" or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"; or
 2. Any claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to or assessing the effects of "pollutants".

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

- a.** 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
- b.** 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.** and **b.** 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:

- (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.

Named Insured:
NICHOLAS COUNTY WATER DISTRICT

Policy Number: GPNU-PF-0002291-00/000
Policy Period: From 01-03-2020
To 01-03-2021

GENERAL LIABILITY COVERAGE PART DECLARATIONS

LIMITS OF INSURANCE

| | |
|---|-------------|
| Each Occurrence | \$1,000,000 |
| Damage to Premises Rented to You | \$1,000,000 |
| Medical Expense | \$10,000 |
| Personal and Advertising Injury | \$1,000,000 |
| General Aggregate | \$3,000,000 |
| Products – Completed Operations Aggregate | \$3,000,000 |

Estimated Coverage Part Premium: \$ 2,252.00

GENERAL LIABILITY FORMS

See Schedule of Forms and Endorsements.

Named Insured:
NICHOLAS COUNTY WATER DISTRICT

Policy Number: GPNU-PF-0002291-00/000
Policy Period: From 01-03-2020
To 01-03-2021

**DAM, RESERVOIR OR LEVEE STRUCTURAL FAILURE OR COLLAPSE
SCHEDULE OF COVERED STRUCTURES**

| <u>NPDP ID</u> | <u>Dam, Reservoir or Levee Name</u> | <u>Location</u> |
|----------------|-------------------------------------|-----------------|
|----------------|-------------------------------------|-----------------|

GENERAL LIABILITY COVERAGE FORM

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

Throughout this coverage part 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 part. The words “we”, “us” and “our” refer to the company providing this insurance. The words “policy period” mean the term of duration of the policy shown in the Declarations.

The word “insured” means any person or organization qualifying as such under Section II - Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V - Definitions.

SECTION I - COVERAGES

COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of “bodily injury” or “property damage” to which this insurance applies. We will have the right and duty to defend the insured against any “suit” seeking those damages. However, we will have no duty to defend the insured against any “suit” seeking damages for “bodily injury” or “property damage” to which this insurance does not apply. We may, at our discretion, investigate any “occurrence” and settle any claim or “suit” that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III - Limits Of Insurance; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A and B.

- b. This insurance applies to “bodily injury” or “property damage” only if:
- (1) The “bodily injury” or “property damage” is caused by an “occurrence” that takes place in the “coverage territory”;
 - (2) The “bodily injury” or “property damage” occurs during the policy period; and
 - (3) Prior to the policy period, no insured listed under Paragraph 1., Paragraph 2.a., or Paragraph 2.f. of Section II - Who Is An Insured and no insured authorized by you to give or receive notice of an “occurrence” or claim, knew or had reason to know that the “bodily injury” or “property damage” had occurred in whole or in part. If any such persons knew or had reason to know, prior to the policy period, that the “bodily injury” or “property damage” occurred in whole or part, then any continuation, change or resumption of such “bodily injury” or “property damage” during or after the policy period will be deemed to have been known to have occurred prior to the policy period.
- c. “Bodily injury” or “property damage” which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1., Paragraph 2.a., or Paragraph 2.f. of Section II - Who Is An Insured or any insured authorized

by you to give or receive notice of an “occurrence” or claim, includes any continuation, change or resumption of that “bodily injury” or “property damage” after the end of the policy period.

- d. “Bodily injury” or “property damage” will be deemed to have been known to have occurred when any insured listed under Paragraph 1., Paragraph 2.a., or Paragraph 2.f. of Section II - Who Is An Insured or any insured authorized by you to give or receive notice of an “occurrence” or claim:
 - (1) Reports all, or any part, of the “bodily injury” or “property damage” to us or any other insurer;
 - (2) Receives a written or verbal demand or claim for damages because of the “bodily injury” or “property damage”; or
 - (3) Becomes aware by any other means that “bodily injury” or “property damage” has occurred or has begun to occur.
- e. Damages because of “bodily injury” include damages claimed by any person or organization for care, loss of services or death resulting at any time from the “bodily injury”.

2. Exclusions Applicable to Coverage A

This insurance does not apply to:

a. Aircraft, Auto Or Watercraft

“Bodily injury” or “property damage” arising out of the ownership, maintenance, use or entrustment to others of any aircraft (other than “unmanned aircraft”), “auto”, or watercraft owned or operated by, or rented or loaned to any insured. Use includes operation and “loading or unloading”.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the “occurrence” which caused the “bodily injury” or “property damage” involved the ownership, maintenance, use or entrustment to others of any aircraft (other than “unmanned aircraft”), “auto” or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is not being used to carry persons or property for a charge;
- (3) Liability assumed under any “insured contract” for the ownership, maintenance or use of aircraft or watercraft;
- (4) A watercraft you own that is:
 - (a) Powered by a motor or combination of motors of 100 horsepower or less;
 - (b) Not powered by a motor; or
 - (c) A “personal watercraft”.
- (5) Parking an “auto” on, or on the ways next to, premises you own or rent, provided the “auto” is not owned by or rented or loaned to you or the insured; or
- (6) “Bodily injury” or “property damage” arising out of:
 - (a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of “mobile equipment” if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged; or
 - (b) The operation of any of the equipment listed in Paragraph f.(2) or f.(3) of the definition of “mobile equipment”.

b. Asbestos

Any injury, damage, expense, cost, loss, liability or legal obligation arising out of or in any way related to asbestos or asbestos-containing materials, or exposure thereto, or for the costs of abatement, mitigation, removal, elimination or disposal of any of them.

This exclusion does not apply to:

(1) "Bodily injury" or "property damage" arising from; or

(2) The costs of abatement, removal or disposal of;

asbestos released as a result of "emergency service activity" or "training operations" away from premises which are either owned by, rented to, or occupied by any insured.

c. Chromated Copper Arsenate (CCA)

"Bodily injury" or "property damage" arising from any loss, cost or expense arising out of or resulting from, either directly or indirectly, chromated copper arsenate (CCA).

However, this exclusion does not apply if all of the following conditions have been met:

(1) There is a maintenance program in place and operating that includes the annual sealing of all CCA treated wood surfaces with a weather resistant polyurethane or oil-based semi-transparent stain; and

(2) An absorbent ground cover is in place under the CCA treated wood structures; and

(3) Records of when the work was performed and the type of sealant utilized are maintained.

d. Contractual Liability

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

(1) That the insured would have in the absence of the contract or agreement; or

(2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage" provided:

(a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and

(b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

e. Dam, Reservoir Or Levee Structural Failure Or Collapse

"Bodily injury" or "property damage", loss, cost or expense arising directly or indirectly out of the structural failure, collapse, bursting, flooding, cracking, settling, seepage, underseepage, spillage, subsidence, landslide or other earth movement of any dam, reservoir, levee, or dike owned, operated, maintained, constructed or controlled by any insured.

This exclusion does not apply to "bodily injury" or property damage", loss, cost or expense arising directly or indirectly out of the structural failure, collapse, bursting, flooding, cracking, settling, spillage, subsidence, landslide or other earth movement of any dam, reservoir, levee or dike which is scheduled in the coverage Declarations.

f. Damage To Impaired Property Or Property Not Physically Injured

“Property damage” to “impaired property” or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in “your product” or “your work”; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

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

g. Damage To Property

“Property damage” to:

- (1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another’s property;
- (2) Premises you sell, give away or abandon, if the “property damage” arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the “property damage” arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because “your work” was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to “property damage” (other than damage by “specified perils”) to premises, including the contents of such premises, rented or loaned to you for a period of 30 or fewer consecutive days. The Each Occurrence Limit shown in the Declarations will apply to this coverage.

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.

Paragraphs (3) and (4) of this exclusion do not apply to “mobile equipment” borrowed or commandeered by you in connection with emergency operations.

Paragraph (4) of this exclusion does not apply to “property damage” to personal property belonging to anyone receiving service from any insured during an “emergency service activity” because of loss by theft, physical damage or disappearance of such property during the period beginning when “volunteer workers” or “employees” of the insured arrive on the scene or while they are rendering service to others and ending when they either leave the scene, complete their service, or transfer care of a transported patient to others. This insurance does not apply to that portion of any loss for which the Named Insured has other valid and collectible insurance. The limit of the company’s liability is the Each Occurrence Limit stated in the Declarations, subject to a \$100 deductible each “occurrence”.

Paragraphs (5) and (6) of this exclusion do not apply to “property damage” resulting from actions taken to protect persons or property during an “emergency service activity” or “law enforcement activity”.

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. Distribution and Recording Of Material Or Information In Violation Of Law

“Bodily injury” or “property damage” arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or
- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

k. Electronic Data

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

However, this exclusion does not apply to liability for damages because of “bodily injury”.

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

l. Employer’s Liability

“Bodily injury” to:

- (1) An “employee” of the insured arising out of or in the course of:
 - (a) Employment by the insured; or
 - (b) Performing duties related to the conduct of the insured's operations;
- (2) A “volunteer worker”, if you provide or are required to provide benefits for such “volunteer worker” under any workers’ compensation, disability benefits, or unemployment compensation law, or any similar law; or
- (3) The spouse, child, parent, brother or sister of that “employee” or “volunteer worker” as a consequence of (1) or (2) above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an “insured contract”.

m. Employment Practices And Employee Benefit Plans

“Bodily injury” or “property damage” arising out of your “employment practices” or the “administration” of your “employee benefit plans”.

n. Expected Or Intended Injury

“Bodily injury” or “property damage” expected or intended from the standpoint of the insured. This exclusion does not apply to “bodily injury” or “property damage” resulting from reasonable actions taken to protect persons or property.

o. Fungi Or Bacteria

(1) Any injury or damage which would not have occurred or taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any “fungi” or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

(2) Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, “fungi” or bacteria, by any insured or by any other person or entity.

(3) This exclusion does not apply:

(a) To any “fungi” or bacteria that are, are on, or are contained in a good or product intended for consumption; or

(b) To any injury or damage arising out of or caused by your water or wastewater treatment process or sewage operations.

p. Law Enforcement Activity

Damages arising out of any “law enforcement activity”.

q. Lead, Electromagnetic Radiation, Nuclear Material

(1) Any injury, damage, expense, cost, loss, liability or legal obligation arising out of or in any way related to:

(a) The toxic properties of lead, or any material or substance containing lead with the exception of “potable water” which you supply to others; or

(b) Electromagnetic radiation;

or exposure thereto, or for the costs of abatement, mitigation, removal, elimination, or disposal of any of them.

(2) Any loss, cost or expense arising out of any actual, alleged or threatened injury or damage to any person or property from any radioactive matter or nuclear material.

r. Mobile Equipment

“Bodily injury” or “property damage” arising out of:

(1) The transportation of “mobile equipment” by an “auto” owned or operated by or rented or loaned to any insured; or

(2) The use of “mobile equipment” in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition or stunting activity.

s. Personal And Advertising Injury

“Bodily injury” arising out of “personal and advertising injury”.

t. Pollution

Any injury, damage, expense, cost, loss, liability or legal obligation arising out of or in any way related to pollution, however caused. Pollution includes the actual, alleged, or potential presence in or introduction into the environment of any substance if such substance has, or is

alleged to have, the effect of making the environment impure, harmful or dangerous. Environment includes any air, land, structure (or the air within), watercourse or other body of water, including underground water.

(1) This exclusion does not apply:

- (a)** To “bodily injury” if sustained within a building which is or was at any time owned or occupied by, or rented or loaned to, any insured and is caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests.
- (b)** To “bodily injury” or “property damage” arising out of heat, smoke or fumes from a “hostile fire” unless that “hostile fire” occurred or originated:
 - i.** At any premises, site or location which is or was at any time used by any insured or others for the handling, storage, disposal, processing or treatment of waste; or
 - ii.** At any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize or in any way respond to, or assess the effects of, “pollutants” except to the extent coverage is provided in Paragraph **(c)** below.
- (c)** To “bodily injury” or “property damage” which occurs as a result of your operations provided the “bodily injury” or “property damage” is not otherwise excluded in whole or in part and arises out of the following:
 - i.** “Potable water” which you supply to others;
 - ii.** Chemicals you use in your water or wastewater treatment process;
 - iii.** Chemicals you use or store in your classrooms and laboratories;
 - iv.** Chemicals you use, apply or store for your ownership, maintenance, or operation of swimming pools;
 - v.** The use, application or storage of road salt or similar substances designed and used for snow and ice removal from road and similar surfaces;
 - vi.** Natural gas or propane gas you use in your water or wastewater treatment process;
 - vii.** Urgent response for the protection of property, human life, health or safety conducted away from premises owned by, rented to or regularly occupied by you;
 - viii.** “Training operations” by you;
 - ix.** Water runoff from the cleaning of equipment used in an “emergency service activity”;
 - x.** Storage and/or application of pesticides or herbicides if such storage and/or application meets all standards of any statute, ordinance, regulation or license requirement of any federal, state or local government; or
 - xi.** Fuels, lubricants or other operating fluids needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of “mobile equipment” or its parts, but only if:
 - (aa)** The fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them; and
 - (bb)** The fuels, lubricants or other operating fluids are not:
 - (i)** Intentionally discharged; or
 - (ii)** Brought on or to a premises, site or location with the intent to be discharged as part of the operations being performed by an insured, contractor or subcontractor.

- (d) To “bodily injury” or to “property damage” if such “bodily injury” or “property damage” is caused by the escape or back-up of sewage or waste water from any sewage treatment facility or fixed conduit or piping that you own, operate, lease or control, or for which you have the right of way, but only if “property damage” occurs away from land you own or lease.

Paragraphs (1)(c) and (1)(d) of this exclusion only apply if the discharge is accidental, unintended and stopped as soon as possible. The entirety of any discharge or series of related discharges will be deemed a single discharge regardless of the length of time over which the “pollutants” are released. The entirety of any discharge or series of related discharges will be deemed to have only occurred at the date the earliest discharge commenced.

- (2) This insurance does not apply to any loss, cost or expense arising out of any:
- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, “pollutants”; or
 - (b) Claim or “suit” by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, “pollutants”.

However, this paragraph does not apply to liability for damages because of “property damage” that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or “suit” by or on behalf of a governmental authority.

Discharge as used in this exclusion includes dispersal, seepage, migration, release or escape.

u. Professional Health Care Services

Damages arising out of providing or failing to provide “professional health care services”.

v. Professional Services

Damages arising out of the rendering of or failure to render any architectural, engineering, surveying or legal professional services by you or any engineer, architect, surveyor, or lawyer performing work on your behalf in such capacity.

w. Public Use Of Property

“Bodily injury” or “property damage” arising out of the principles of eminent domain, condemnation, inverse condemnation or adverse possession.

x. Recall Of Products, Work Or Impaired Property

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

- (1) “Your product”;
- (2) “Your work”; or
- (3) “Impaired property”;

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

y. Riot, Civil Commotion Or Mob Action

“Bodily injury” or “property damage” arising out of:

- (1) Riot, civil commotion or mob action; or
- (2) Any act or omission in connection with the prevention or suppression of a riot, civil commotion or mob action.

This exclusion does not apply to injury or damage arising out of your “emergency service activity”, except “professional health care services”, in response to a riot, civil commotion or mob action.

z. Sexual Abuse

“Bodily injury” arising out of the “sexual abuse” of any person. However, this exclusion shall not apply to the Named Insured if no elected or appointed official, “executive officer”, officer, director, or trustee of the Named Insured knew or had reason to know of the “sexual abuse”. Also, we will defend an insured for a covered civil action subject to the other terms of this coverage part until either a judgment or final adjudication establishes such an act, or the insured confirms such act.

aa. Specific Operations

“Bodily injury” or “property damage” arising from the ownership, operation, maintenance, entrustment to others, or use of any:

- (1) Hospital or medical clinic;
- (2) Nursing home, convalescent home, or home for the aged, handicapped or orphaned;
- (3) Mental or psychiatric institution or institution for the restraint or treatment of substance abusers;
- (4) Airport or similar facility;
- (5) Port or similar facility;
- (6) Public housing authority or project;
- (7) Gas or electric generation facility; or
- (8) Sanitary landfill, dump, or other permanent waste disposal facility.

bb. Water Or Wastewater Professional Activity

Damages arising out of an act, error or omission from your “water or wastewater professional activities”.

cc. War

“Bodily injury” or “property damage”, however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

dd. Workers' Compensation And Similar Laws

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

ee. Trampolines

“Bodily injury” and “property damage” arising out of the ownership, maintenance or use of trampolines greater than 48 inches in diameter.

ff. Unmanned Aircraft

“Bodily injury” or “property damage” arising out of the ownership, maintenance or use of an “unmanned aircraft” while:

- (1) Rented, leased or loaned to others without an operator who is your “employee” or “volunteer worker”;
- (2) Used in any professional or organized racing or demolition contest or stunting activity, or while practicing or preparing for such contest or activity; or

(3) Not used in the insured's operations.

Exclusions **a.** through **c.**, **e.** through **m.**, **o.** through **z.**, and **bb.** through **ff.** do not apply to damage by "specified perils" to premises while rented to you or temporarily occupied by you with permission of the owner. The Each Occurrence Limit shown in the Declarations will apply to this coverage.

COVERAGE B - PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Section III - Limits Of Insurance; and

(2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages **A** or **B**, or medical expenses under Coverage **C**.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages **A** and **B**.

b. This coverage applies to "personal and advertising injury" only if:

(1) The "personal and advertising injury" is caused by an offense arising out of your operations; and

(2) The offense is committed in the "coverage territory" during the policy period.

2. Exclusions Applicable To Coverage B

This insurance does not apply to:

a. Asbestos

Any injury, damage, expense, cost, loss, liability or legal obligation arising out of or in any way related to asbestos or asbestos-containing materials, or exposure thereto, or for the costs of abatement, mitigation, removal, elimination or disposal of any of them.

b. Breach Of Contract

"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

c. Contractual Liability

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

d. Criminal Acts

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

e. Distribution and Recording Of Material Or Information In Violation Of Law

“Personal and advertising injury” arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or
- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

f. Electronic Chatrooms Or Bulletin Boards

“Personal and advertising injury” arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

g. Employment Practices And Employee Benefit Plans

“Personal and advertising injury” arising out of your “employment practices” or “administration” of your “employee benefit plans”.

h. Fungi Or Bacteria

- (1) Any injury which would not have occurred or taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any “fungi” or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.
- (2) Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, “fungi”.

i. Infringement Of Copyright, Patent, Trademark Or Trade Secret

“Personal and advertising injury” arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another’s advertising idea in your “advertisement”.

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

j. Insureds In Media And Internet Type Businesses

“Personal and advertising injury” committed by an insured whose business is:

- (1) Advertising, broadcasting, publishing or telecasting;
- (2) Designing or determining content of websites for others; or
- (3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **22.a. b.**, and **c.** of “personal and advertising injury” under the Definitions Section.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself considered the business of advertising, broadcasting, publishing or telecasting.

k. Knowing Violation Of The Rights Of Another

“Personal and advertising injury” caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict “personal and advertising injury”.

l. Law Enforcement Activity

Damages arising out of any “law enforcement activity”.

m. Lead, Electromagnetic Radiation Or Nuclear Material

(1) Any injury, expense, cost, loss, liability or legal obligation arising out of or in any way related to:

(a) The toxic properties of lead, or any material or substance containing lead; or

(b) Electromagnetic radiation;

or exposure thereto, or for the costs of abatement, mitigation, removal, elimination or disposal of any of them.

(2) Any loss, cost or expense arising out of any actual, alleged or threatened injury to any person or property from any radioactive matter or nuclear material.

n. Material Published Prior To Policy Period

“Personal and advertising injury” arising out of the oral or written publication of material whose first publication took place before the beginning of the policy period.

o. Material Published With Knowledge Of Falsity

“Personal and advertising injury” arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity.

p. Pollution

“Personal and advertising injury” arising out of or in any way related to pollution, however caused. Pollution includes the actual, alleged, or potential presence in or introduction into the environment of any substance if such substance has, or is alleged to have, the effect of making the environment impure, harmful or dangerous. Environment includes any air, land, structure (or the air therein), watercourse or other body of water, including underground water.

q. Pollution-Related

Any loss, cost or expense arising out of any:

(1) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, “pollutants”; or

(2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, “pollutants”.

r. Professional Health Care Services

Damages arising out of providing or failing to provide “professional health care services”.

s. Professional Services

Damages arising out of the rendering of or failure to render any architectural, engineering, surveying or legal professional services by you or any engineer, architect, surveyor, or lawyer performing work on your behalf in such capacity.

t. Public Use Of Property

“Personal and advertising injury” arising out of the principles of eminent domain, condemnation, inverse condemnation, or adverse possession.

u. Quality Or Performance Of Goods

“Personal and advertising injury” arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your “advertisement”.

v. Sexual Abuse

“Personal and advertising injury” arising out of the “sexual abuse” of any person.

w. Specific Operations

“Personal and advertising injury” arising from the ownership, operation, maintenance, entrustment to others, or use of any:

- (1) Hospital or medical clinic;
- (2) Nursing home, convalescent home, or home for the aged, handicapped or orphaned;
- (3) Mental or psychiatric institution or institution for the restraint or treatment of substance abusers;
- (4) Airport or similar facility;
- (5) Port or similar facility;
- (6) Public housing authority or project;
- (7) Gas or electric generation facility; or
- (8) Sanitary landfill, dump, or other permanent waste disposal facility.

x. Unauthorized Use Of Another's Name Or Product

“Personal and advertising injury” arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

y. War

“Personal and advertising injury”, however caused, arising directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

z. Water Or Wastewater Professional Activity

Damages arising out of an act, error or omission from your “water or wastewater professional activities”.

aa. Wrong Description Of Prices

“Personal and advertising injury” arising out of the wrong description of the price of goods, products or services stated in your “advertisement”.

COVERAGE C - MEDICAL EXPENSE

1. Insuring Agreement

- a. At your written request, we will pay medical expenses as described below for “bodily injury” caused by an accident:

- (1) On premises you own or rent;
- (2) On ways next to premises you own or rent;
- (3) On that portion of a right-of-way, easement, or similar interest in property which you do not own or rent, upon which water, sewer, or other utility fixtures are installed as part of your operations, including any surface feature which directly results from the presence of such water, sewer or other utility fixture, but does not include any other portion of a right-of-way, easement or similar interest in property; or
- (4) Because of your operations;
 - provided that:
 - (a) The accident takes place in the “coverage territory” and during the policy period;
 - (b) The expenses are incurred and reported to us within one year of the date of the accident; and
 - (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.
- b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:
 - (1) First aid administered at the time of an accident;
 - (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
 - (3) Necessary ambulance, hospital, professional nursing and funeral services.

2. Exclusions Applicable To Coverage C

We will not pay expenses for “bodily injury”:

a. Any Insured

To any insured, except “volunteer workers” not performing an “emergency service activity” or a “law enforcement activity”.

b. Athletic Activities

To a person injured while practicing, instructing or participating in any physical exercises or games, sports, or athletic contests.

c. Coverage A Exclusions

Excluded under Coverage A - Bodily Injury And Property Damage Liability.

d. Hired Person

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

e. Injury On Normally Occupied Premises

To a person injured on that part of premises you own or rent that the person normally occupies.

f. Products – Completed Operations Hazard

Included within the “products-completed operations hazard”.

g. Workers’ Compensation And Similar Laws

To a person, whether or not an “employee” of any insured, if benefits for the “bodily injury” are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

SUPPLEMENTARY PAYMENTS – COVERAGES A AND B

- 1. We will pay, with respect to any claim we investigate or settle, or any “suit” against an insured we defend:
 - a. All expenses we incur.

- b. Up to \$5,000 for the cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
- c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$500 a day because of time off from work.
- e. All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.
- f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

- 2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:
 - a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
 - b. This insurance applies to such liability assumed by the insured;
 - c. The obligation to defend, or the cost of the defense of, that indemnitee has also been assumed by the insured in the same "insured contract";
 - d. The allegations in the "suit" and the information we know about the underlying basis for the "suit" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
 - e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
 - f. The indemnitee:
 - (1) Agrees in writing to:
 - (a) Cooperate with us in the investigation, settlement or defense of the "suit";
 - (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
 - (c) Notify any other insurer whose coverage is available to the indemnitee; and
 - (d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
 - (2) Provides us with written authorization to:
 - (a) Obtain records and other information related to the "suit"; and
 - (b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of any contractual liability exclusions or exceptions to exclusions, such payments will not be deemed to be damages and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

- (1) We have used up the applicable limit of insurance in the payment of judgments or settlements; or
- (2) The conditions set forth above, or the terms of the agreement described in Paragraph f. above, are no longer met.

SECTION II - WHO IS AN INSURED

1. If you are designated in the Declarations as:
 - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
 - b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business. However, if you are a public entity, you are insured as a partner in a partnership or as a joint venturer in a joint venture, but only if the partnership or joint venture is between you and another governmental organization or non-profit entity. Coverage does not extend to a partnership or joint venture that operates, controls, or funds a hospital or medical clinic, nursing home, airport, port, public housing, or a gas or electric generation facility.
 - c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
 - d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your directors, trustees or members of your school board or your governing board by whatever name are insureds but only with respect to their duties as your directors, trustees or board members. Your stockholders are also insureds, but only with respect to their liability as stockholders.
 - e. A public entity, you are an insured. Your operating authorities, boards, commissions, districts or any other governmental units are insureds, provided that you operate, control, and fund the authority, board, commission, district, or other governmental unit. Coverage does not extend to an authority, board, commission, district, or other governmental unit that operates, controls, or funds a hospital or medical clinic, nursing home, airport, port, public housing, or a gas or electric generation facility.
 - f. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.
2. Each of the following is also an insured:
 - a. **Elected Or Appointed Officials.** Your elected or appointed officials, including elected or appointed officials of your operating authorities, boards, commissions, districts, or other governmental units but only for acts within the course and scope of their duties for the insured public entity or its operating authorities, boards, commissions, districts or other governmental units.
 - b. **Employees And Volunteer Workers.** "Employees" and "volunteer workers", but only for acts within the course and scope of their employment or volunteer activities for you.
 - c. **Real Estate Managers.** Any person (other than your "employee" or "volunteer worker") or any organization while acting as your real estate manager.
 - d. **Temporary Custodians.** Any person or organization having proper temporary custody of your property if you die, but only:
 - (1) With respect to liability arising out of the maintenance or use of that property; and

- (2) Until your legal representative has been appointed.
- e. **Legal Representatives.** Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
 - f. **Medical Directors.** Physicians who are your medical directors, but only for acts within the course and scope of their medical director duties on behalf of your “emergency service activity”.
 - g. **Mutual Aid Agreements.** Any persons or organizations providing service to you under any mutual aid or similar agreement, but only for acts within the scope of that mutual aid or similar agreement.
 - h. **Good Samaritans.** “Employees” and “volunteer workers” while acting as a Good Samaritan independently of his or her activities on your behalf, but only when he or she encounters the scene of an emergency requiring sudden action. In no event will such person who responds to the scene of an emergency with or for any other emergency service organization be an insured.
 - i. **Owners Of Commandeered Equipment.** The owner of commandeered equipment other than an “auto” is an insured while the equipment is in your temporary care, custody or control and is being used as part of an “emergency service activity”.
 - j. **Blanket Additional Insureds.** Any person or organization required to be an additional insured under an “insured contract”, if agreed to by you prior to the “bodily injury”, “property damage”, or “personal and advertising injury”, caused in whole or in part by your acts or omissions or the acts or omissions of those acting on your behalf:
 - (1) In the performance of your operations; or
 - (2) In connection with premises owned or rented by you.
 - k. **Student Teachers.** Any of your student teachers who are teaching as part of their educational requirements are insureds, but only with respect to their duties in connection with their position as such.
 - l. **Student Body Organizations.** Any student body organization acting under the jurisdiction of your governing board is an insured, but only while under the supervision required by the governing board.
 - m. **Parent Teacher Organizations Or Associations.** Any parent teacher organization or association acting under the jurisdiction of your governing board is an insured, but only while under the supervision required by the governing board.
3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
 - b. Coverage **A** does not apply to “bodily injury” or “property damage” that occurred before you acquired or formed the organization; and
 - c. Coverage **B** does not apply to “personal and advertising injury” arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

SECTION III - LIMITS OF INSURANCE

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

- a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits".
2. The General Aggregate Limit is the most we will pay for the sum of:
 - a. Medical expenses under Coverage C;
 - b. Damages under Coverage A, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
 - c. Damages under Coverage B.
 3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
 4. Subject to Paragraph 2. above, the Personal and Advertising Injury Liability Limit is the most we will pay under Coverage B for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.
 5. Subject to Paragraph 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
 - a. Damages under Coverage A; and
 - b. Medical expenses under Coverage C;
 because of all damages arising out of the same or related "occurrence".
 6. Subject to Paragraph 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage A for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by "specified perils", while rented to you or temporarily occupied by you with permission of the owner.
 7. Subject to Paragraph 5. above, the Medical Expense Limit is the most we will pay under Coverage C for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this coverage part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV - CONDITIONS

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

1. Bankruptcy

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

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

- a. You must see to it that we are notified as soon as practicable of an "occurrence", or an offense which may result in a claim or "suit". To the extent possible, notice should include:
 - (1) How, when and where the "occurrence" or offense took place;
 - (2) The names and addresses of any injured persons and witnesses; and
 - (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

- b. If a claim is made or "suit" is brought against any insured, you must:
 - (1) Immediately record the specifics of the claim or "suit" and the date received; and
 - (2) Notify us as soon as practicable.You must see to it that we receive written notice of the claim or "suit" as soon as practicable.
- c. You and any other involved insured must:
 - (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
 - (2) Authorize us to obtain records and other information;
 - (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
 - (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.
- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.
- e. If you report an "occurrence" or offense, to an insurer providing other than General Liability insurance which later develops into a General Liability claim covered under this coverage part, failure to report such "occurrence" or offense to us at the time of the "occurrence" or offense shall not be deemed in violation of these conditions. However, you shall give notification to us, as soon as is reasonably possible, that the "occurrence" or offense is a General Liability claim.
- f. Knowledge of an "occurrence" or offense by any of your agents, "volunteer workers" or "employees" shall not constitute knowledge by you unless one of your officers or anyone responsible for administering your insurance program has received a notification from the agent, "volunteer worker" or "employee".

3. Legal Action Against Us

No person or organization has a right under this coverage part:

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

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this coverage part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured "volunteer worker", "employee", elected or appointed officer, director, commissioner, trustee, medical director or owner of commandeered equipment for a loss we cover under Coverages **A or B** of this form, our insurance is primary, with no consideration for contribution with other insurance, except with respect to any medical malpractice liability insurance available to a physician who is acting on your behalf by providing medical treatment of a person. With respect to said medical malpractice liability insurance, our insurance is excess over that coverage.

If other valid and collectible insurance is available to the insured, other than "volunteer workers", "employees", elected or appointed officers, directors, commissioners, trustees, medical directors or owners of commandeered equipment, for a loss we cover under Coverages **A or B** of this form, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when Paragraph **b.** below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in Paragraph **c.** below.

b. Excess Insurance

This insurance is excess over:

- (1) Any of the other insurance, whether primary, excess, contingent or on any other basis:
 - (a) That is fire, extended coverage, builder's risk, installation risk or similar coverage for "your work";
 - (b) That is "specified perils" insurance for premises rented to you or temporarily occupied by you with permission of the owner;
 - (c) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner;
 - (d) That is insurance covering your liability for "bodily injury" or "property damage" arising out of the providing, serving or selling of alcoholic beverages to others;
 - (e) That is insurance covering your liability for "bodily injury" or "property damage" arising out of the igniting or discharging of fireworks, including but not limited to firecrackers, aerial or ground displays, in conjunction with any demonstration or show conducted or sponsored by you. However, this coverage shall not be excess should the "bodily injury" or "property damage" result from an emergency response you provide in response to an emergency arising out of fireworks;
 - (f) If the loss arises out of the maintenance or use of aircraft or watercraft to the extent not subject to exclusion **a.** of Coverage **A.** Bodily Injury And Property Damage Liability;
 - (g) That is liability insurance available to an independent commission, board, or authority or to an individual serving on such independent commission, board, or authority at your request;
 - (h) That is liability insurance available to participants in a mutual aid or similar agreement;
 - (i) That is liability insurance available to a partnership or joint venture; or
 - (j) That is liability insurance available to any student body organization or parent teacher organization or association.
- (2) Any other primary insurance, including pools or self-insurance, covering your liability for damages arising out of the premises or operations for which you have been added as an additional insured.

When this insurance is excess, we will have no duty under Coverages **A** or **B** to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (i) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (ii) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this excess insurance provision and was not bought specifically to apply in excess of the limits of insurance shown in the Declarations of this coverage part.

c. Method Of Sharing

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

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

5. Representations

By accepting this policy, you agree:

- a. The information in the Declarations is accurate and complete;
- b. The information is based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

Your failure to disclose all hazards existing as of the inception date of the policy shall not prejudice you with respect to the coverage afforded, provided such failure or omission is not intentional. This coverage part is void if any material fact or circumstance relating to this insurance is intentionally omitted or misrepresented.

6. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this coverage part to the first Named Insured, this insurance applies:

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

7. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this coverage part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

8. When We Do Not Renew

If we decide not to renew this coverage part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date. If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V - DEFINITIONS

- 1. "Administration" means any of the following acts that you do or authorize a person to do:
 - a. Counseling "employees" or "volunteer workers", other than giving legal advice, on "employee benefit plans";
 - b. Interpreting your "employee benefit plans";
 - c. Handling records for your "employee benefit plans"; and
 - d. Effecting enrollment, termination or cancellation of "employees" or "volunteer workers" under your "employee benefit plans".
- 2. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
 - a. Notices that are published include material placed in the Internet or on similar electronic means of communication; and
 - b. Regarding websites, only that part of a website that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.

3. "Auto" means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment; or any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged. However, "auto" does not include "mobile equipment".
4. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death or mental anguish, mental injury, shock or fright resulting from any of these at any time.
5. "Coverage territory" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph a. above; or
 - c. All other parts of the world if the injury or damage arises out of:
 - (1) Goods or products made or sold by you in the territory described in Paragraph a. above;
 - (2) The activities of a person whose home is in the territory described in Paragraph a. above, but who is away for a short time on your business; or
 - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication;

provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in Paragraph a. above or in a settlement we agree to.
6. "Emergency service activity" means:
 - a. All operations conducted by your firefighting, emergency medical services, or rescue squad units; and
 - b. Which are sanctioned by you.
7. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
8. "Employee benefit plans" means a formal program or programs of employee benefits you maintain, such as group life insurance plans, group accident or health insurance plans, savings plans, or vacation plans, provided that no one other than an "employee" or "volunteer worker" or their dependents may subscribe to or benefit from such plans. This term also includes unemployment insurance, social security, workers' compensation, statutory disability benefits, or similar statutorily required plans.
9. "Employment practices" means an actual or alleged improper employment-related practice, policy, act or omission involving an actual, prospective, or former "volunteer worker" or "employee", including:
 - a. Failing to hire or refusing to hire;
 - b. Wrongful dismissal, discharge, or termination of employment or membership, whether actual or constructive;
 - c. Wrongful deprivation of a career opportunity, or failure to promote;
 - d. Wrongful discipline of "volunteer workers" or "employees";
 - e. Negligent evaluation of "volunteer workers" or "employees";
 - f. Retaliation against "volunteer workers" or "employees" for the exercise of any legally protected right or for engaging in any legally protected activity;
 - g. Failure to adopt adequate workplace or employment-related policies and procedures;
 - h. Harassment, including "sexual harassment"; or
 - i. Violation of any federal, state or local laws (whether common law or statutory) concerning employment or discrimination in employment.

10. "Executive Officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
11. "Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or by-products produced or released by "fungi".
12. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
13. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
- It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - You have failed to fulfill the terms of a contract or agreement;
- if such property can be restored to use by the repair, replacement, adjustment or removal of "your product" or "your work" or your fulfilling the terms of the contract or agreement.
14. "Insured contract" means:
- A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by "specified perils" to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
 - A sidetrack agreement;
 - Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
 - An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
 - An elevator maintenance agreement;
 - That part of any other contract or agreement pertaining to your operations (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. However, such part of a contract or agreement shall only be considered an "insured contract" to the extent your assumption of the tort liability is permitted by law. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.
- Paragraph f. does not include that part of any contract or agreement:
- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
 - (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders, or drawings and specifications; or
 - Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
 - (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering of or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.
15. "Law enforcement activity" means the activities of any insured while acting as a law enforcement official, officer, auxiliary officer, "employee", or "volunteer worker" of the law enforcement agency or department of the Named Insured. "Law enforcement activity" also includes the activities of an

armed school security “employee” or “volunteer worker” while performed on behalf of the insured. “Law enforcement activity” does not include:

- a. Your operations related to any building, code, license, permit, health, sanitation, animal control, safety, planning or zoning enforcement; or
- b. The activities of an unarmed school security “employee” or “volunteer worker”.

As used in this definition, armed means a person who possesses a firearm. Unarmed means a person who does not possess a firearm.

16. “Law enforcement wrongful act” means any actual or alleged error, act, omission, neglect, or breach of duty, including violation of any civil rights law, while performing a “law enforcement activity”. All claims arising from a series of related errors, acts, omissions, neglects, or breaches of duty while performing “law enforcement activities” will constitute a single “law enforcement wrongful act”.
17. “Leased worker” means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your operations. “Leased worker” does not include a “temporary worker”.
18. “Loading or unloading” means the handling of property:
 - a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or “auto”;
 - b. While it is in or on an aircraft, watercraft or “auto”; or
 - c. While it is being moved from an aircraft, watercraft or “auto” to the place where it is finally delivered;but “loading or unloading” does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or “auto”.
19. “Medical incident” means any act, error or omission in the rendering of or failure to render “professional health care services” by you or by anyone for whose “professional health care services” you are legally responsible. Any such act, error or omission, together with all related acts, errors or omissions in the furnishing of such services to any one person, shall be considered one “medical incident”.
20. “Mobile equipment” means any of the following types of land vehicles, including any attached machinery or equipment:
 - a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
 - b. Vehicles maintained for use solely on or next to premises you own or rent;
 - c. Vehicles that travel on crawler treads;
 - d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - (1) Power cranes, shovels, loaders, diggers or drills; or
 - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
 - e. Vehicles not described in Paragraph a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (2) Cherry pickers and similar devices used to raise or lower workers;
 - f. Vehicles not described in Paragraph a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not “mobile equipment” but will be considered “autos”:

- (1) Equipment designed primarily for:
 - (a) Snow removal;
 - (b) Road maintenance, but not construction or resurfacing; or
 - (c) Street cleaning;
- (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

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

21. “Occurrence” means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
22. “Personal and advertising injury” means injury, including consequential “bodily injury”, arising out of one or more of the following offenses:
 - a. False arrest, detention or imprisonment;
 - b. Malicious prosecution;
 - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
 - d. Oral or written publication in any manner of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
 - e. Oral or written publication in any manner of material that violates a person's right of privacy;
 - f. The use of another's advertising idea in your “advertisement”; or
 - g. Infringing upon another's copyright, trade dress or slogan in your “advertisement”.
23. “Personal watercraft” means a vessel you own, rent, or borrow which uses an inboard motor powering a water jet pump as its primary source of motive power, and which is designed to be operated by a person sitting, standing, or kneeling on the vessel, rather than the conventional manner of sitting or standing inside the vessel.
24. “Pollutants” mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
25. “Potable water” means water intended and provided for human consumption.
26. “Products-completed operations hazard”:
 - a. Includes all “bodily injury” and “property damage” occurring away from premises you own or rent and arising out of “your product” or “your work” except:
 - (1) Products that are still in your physical possession; or
 - (2) Work that has not yet been completed or abandoned. However, “your work” will be deemed completed at the earliest of the following times:
 - (a) When all of the work called for in your contract has been completed.
 - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.

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

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

- b. Includes, with respect to “bodily injury” or “property damage” arising out of “your products” manufactured, sold, handled or distributed on, from or in connection with your premises or in the conduct of your operations, all “bodily injury” and “property damage” that arises out of “your products” if the “bodily injury” or “property damage” occurs after you have relinquished possession of those products.
- c. Does not include “bodily injury” or “property damage” arising out of:
 - (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the “loading or unloading” of that vehicle by any insured;
 - (2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
 - (3) Products or operations for which the classification, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.
- d. Includes all “bodily injury” and “property damage” arising out of the ownership, maintenance, use or entrustment to others of “autos” for snow plow operations. Exclusion **a.** under **Section I – Coverage A – Bodily Injury and Property Damage Liability** does not apply with respect to such operations.

27. “Professional health care services” means:

- a. Providing medical or nursing services;
- b. Providing professional services of any other health care professional, including emergency medical technicians and paramedics;
- c. Furnishing or dispensing drugs or medical, surgical or dental supplies or appliances;
- d. Handling of patients:
 - (1) From the place where they are accepted for movement into or onto the means of transport;
 - (2) During transport; and
 - (3) From the means of transport to the place where they are finally delivered;
- e. Dispatching of, including the failure or refusal to dispatch, personnel to provide any of the above services;
- f. Serving on, or carrying out the orders of, a health care accreditation board or similar professional board or committee; and
- g. Establishing medical protocol, creating medical training curricula, providing medical training, conducting medical quality assurance programs, and carrying out similar duties.

“Professional health care services” does not include the rendering of first aid or emergency medical care or assistance by an insured whose primary duties or responsibilities do not include items **a.** through **g.** above.

28. “Property damage” means:

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

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

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

29. "Sexual abuse" means any actual, attempted or alleged sexual conduct by a person, or by persons acting in concert, which causes injury. "Sexual abuse" includes sexual molestation, sexual assault, sexual exploitation, or sexual injury, but does not include "sexual harassment".
30. "Sexual harassment" means any actual, attempted or alleged unwelcome sexual advances, requests for sexual favors, or other conduct of a sexual nature by a person, or by persons acting in concert, which causes injury, but only when:
 - a. Submission to or rejection of such conduct is made either explicitly or implicitly a condition of a person's employment, or a basis for employment decisions affecting a person; or
 - b. Such conduct has the purpose or effect of interfering with a person's work performance or creating an intimidating, hostile or offensive work environment.
31. "Specified perils" means fire, lightning, explosion, smoke, riot or civil commotion.
32. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage", "personal and advertising injury", "medical incident", "law enforcement wrongful act", or a "water or wastewater professional activity" to which this insurance applies are alleged. "Suit" includes:
 - a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
 - b. Any other civil alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.
33. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions. A substitute teacher is not a "temporary worker".
34. "Training operations" means activities used to prepare, train, or instruct members of a fire department, emergency medical services unit, or rescue squad in accepted and recognized emergency procedures, including municipal, state and federal standards.
35. "Unmanned aircraft" means an aircraft weighing 15 pounds or less that is not:
 - a. Designed;
 - b. Manufactured; or
 - c. Modified after manufacture;to be controlled directly by a person from within or on the aircraft.

"Unmanned aircraft" includes equipment used with such "unmanned aircraft", provided such equipment is attached to or essential for its operation.
36. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you. "Volunteer worker" includes:
 - a. Any trustee, official, or member of the board of directors or the governing board of your parent-teacher organization or association, or of a parent support group, but only with respect to their duties as such; or
 - b. Any members of your parent-teacher organization or association, or of your parent support group, but only with respect to their liability for activities they perform on your behalf.
37. "Water or wastewater professional activity" means an act, error or omission which arises from your activities as a water or wastewater district, water utility, or any other entity whose primary duty is the treatment and distribution of "potable water", or the collection and treatment of wastewater.

38. “Your product” means:

- a.** Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (1)** You;
 - (2)** Others trading under your name; or
 - (3)** A person or organization whose business or assets you have acquired; and
- b.** Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

“Your product” includes:

- a.** Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of “your product”; and
- b.** The providing of or failure to provide warnings or instructions.

“Your product” does not include vending machines or other property rented to or located for the use of others but not sold.

39. “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:

- a.** Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of “your work”; and
- b.** The providing of or failure to provide warnings or instructions.

SPECIFIC OPERATIONS EXCLUSION - SCHOOLS

This endorsement modifies insurance provided under the following:

GENERAL LIABILITY COVERAGE PART

1. The following is added to Exclusion **aa.** of **Section I Coverage A – Bodily Injury And Property Damage Liability**, item **2. Exclusions Applicable to Coverage A:**
“Bodily injury” or “property damage” arising from the ownership, operation, maintenance, entrustment to others, or use of any school.
2. The following is added to Exclusion **w.** of **Section I. Coverage B – Personal And Advertising Injury Liability**, item **2. Exclusions Applicable to Coverage B:**
“Personal and advertising injury” arising from the ownership, operation, maintenance, entrustment to others, or use of any school.

EXCLUSION ELECTRONIC INFORMATION SECURITY EVENT

This endorsement modifies insurance provided under the following:

GENERAL LIABILITY COVERAGE PART

1. The following exclusion applies to **Coverage A – Bodily Injury And Property Damage Liability**, **Coverage B – Personal and Advertising Injury Liability**, and any additional coverage that is provided under this General Liability Coverage Part:

This insurance does not apply to:

Any injury, damage, expense, cost, loss, liability, or legal obligation arising out of or in any way related to an "electronic information security event".

2. The following definitions are added:

"Electronic information security event" means:

- (1) Transmission of malware from your "computer system" to a third party.
- (2) The inability of an authorized user to access your web site or your "computer system" because of a denial of service attack.
- (3) A "personal identity event", but this is limited to information that is obtained or released directly from:
 - (a) Your "computer system"; or
 - (b) The "computer system" of an entity that has such information under a formal agreement with you.
- (4) A "corporate privacy event", but this is limited to information that is obtained or released directly from:
 - (a) Your "computer system"; or
 - (b) The "computer system" of an entity that has such information under a formal agreement with you.

As used in this definition, a denial of service attack means an intentional attack on a web site or a computer network that prevents or slows down access to the web site or computer network.

"Computer system" means the following:

- (1) Computers, including Personal Digital Assistants (PDAs) and other transportable or hand held devices, electronic storage devices and related peripheral components;
- (2) Systems and applications software;
- (3) Communications networks (including the internet, intranets, extranets or virtual private networks) to the extent used by the items in (1) and (2) above; by which "electronic data" is collected, transmitted, processed, stored or retrieved; and
- (4) "Computer system" includes "electronic data" that is:
 - (1) Stored on any of the items described in item (1) above; or

- (2)** Temporarily outside of the “computer system” for use by an insured or an employee of an entity that has such information under a formal agreement with you.

“Electronic data” means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment. This includes such information, facts or programs only while they are in an electronic format.

“Personal identity event” means:

- (1)** Unauthorized disclosure by you of “personally identifiable information” or your failure to protect “personally identifiable information” from misappropriation.
- (2)** Failure by you to disclose or warn of an actual or potential disclosure or misappropriation of “personally identifiable information”, but only if this policy applies to such disclosure or misappropriation and it resulted directly from **(1)** above; or
- (3)** Violation of any federal or state privacy statute addressing disclosure or misappropriation of “personally identifiable information”, but only if:
 - (a)** This policy applies to such disclosure or misappropriation and it resulted directly from **(1)** or **(2)** above; and
 - (b)** The violation is not willful.

“Personally identifiable information” means any of the following in your care, custody or control:

- (1)** Information from which an individual may be uniquely and reliably identified or contacted, including an individual’s name, telephone number, social security number, drivers license number, state identification number, account relationships, account numbers, account balances, account histories, access codes, and passwords;
- (2)** Information concerning an individual that would be considered nonpublic personal information within the meaning of Title V of the Gramm-Leach Bliley Act of 1999 as implemented and amended; and
- (3)** Information concerning an individual that would be considered protected health information within the Health Insurance Portability and Accountability Act of 1996 as implemented and amended.

“Corporate privacy event” means:

- (1)** Unauthorized disclosure by you of “confidential corporate information” or your failure to protect “confidential corporate information” from misappropriation;
- (2)** Failure by you to disclose or warn of an actual or potential disclosure or misappropriation of “confidential corporate information”, but only if this policy applies to such disclosure or misappropriation and it resulted directly from **(1)** above; or
- (3)** Violation of any federal or state privacy statute addressing disclosure or misappropriation of “confidential corporate information”, but only if:
 - (a)** This policy applies to such disclosure or misappropriation and it resulted directly from **(1)** or **(2)** above; and
 - (b)** The violation is not willful.

“Confidential corporate information” means any commercial trade secret, data, design, interpretation, forecast, formula, method, practice, process record, report or other item of information of a non-insured third party, and which is:

- (1) In your care, custody or control;
- (2) Not available to the general public; and
- (3) (a) Provided to you under a mutually agreed to written confidentiality/non-disclosure agreement; or
(b) Marked confidential or otherwise specifically designated in writing as confidential by such third party.

WATER OR WASTEWATER PROFESSIONAL ACTIVITY LIABILITY ENDORSEMENT

This endorsement modifies insurance provided under the following:

GENERAL LIABILITY COVERAGE PART

A. SECTION I. COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY is extended to apply to:

Damages arising out of an act, error or omission which arises from your “water or wastewater professional activity”. Any such act, error or omission shall be considered one “occurrence”.

This insurance applies only if:

1. The damages are caused by an “occurrence” arising out of your “water or wastewater professional activity” and
2. The “water or wastewater professional activity” occurs in the “coverage territory” during the policy period; and
3. The “water or wastewater professional activity” results in “bodily injury” or “property damage”.

B. For the purposes of the coverage provided by this endorsement, the following changes are made to Paragraph 2. **Exclusions Applicable to Coverage A.** under **SECTION I. COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY:**

1. Exclusion bb. **Water or Wastewater Professional Activity** does not apply.
2. The following exclusions are added:

Criminal Acts

Injury arising out of a criminal act (except “sexual abuse” which is excluded in the Sexual Abuse exclusion below) committed by the insured or any person for whom the insured is legally responsible. However, we will defend the insured for covered civil action subject to the other terms of this coverage part until either a judgment or final adjudication establishes such an act, or the insured confirms such act.

Fines and Penalties

All fines, late charges, violation assessments, or any similar type of penalty.

C. For the purposes of the coverage provided by this endorsement, the following is added to Paragraph 3. of **SECTION II – WHO IS AN INSURED:**

- d. **COVERAGE A** does not apply to an “water or wastewater professional activity” that took place before you acquired or formed the organization.

Named Insured:
NICHOLAS COUNTY WATER DISTRICT

Policy Number: GPNU-PF-0002291-00/000
Policy Period: From 01-03-2020
To 01-03-2021

**PUBLIC OFFICIALS AND MANAGEMENT LIABILITY
COVERAGE PART DECLARATIONS**

LIMITS OF INSURANCE

| | | |
|-----------------------|-------------|-----------------------------------|
| Aggregate Limit | \$3,000,000 | Coverage A and B Combined |
| Coverage A | \$1,000,000 | Each Wrongful Act or Offense |
| Coverage B | \$5,000 | Each Action for Injunctive Relief |
| Coverage A Deductible | \$0 | Each Wrongful Act or Offense |

Estimated Coverage Part Premium: \$ 1,500.00

PUBLIC OFFICIALS AND MANAGEMENT LIABILITY FORMS

See Schedule of Forms and Endorsements.

PUBLIC OFFICIALS AND MANAGEMENT LIABILITY COVERAGE FORM

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

Throughout this coverage part 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 part. The words “we,” “us” and “our” refer to the company providing this insurance. The words “policy period” mean the term of duration of the policy shown in the Declarations.

The word “insured” means any person or organization qualifying as such under **SECTION III. WHO IS AN INSURED**.

Other words and phrases that appear in quotation marks have special meaning. Refer to **SECTION VII. DEFINITIONS**.

SECTION I. COVERAGES

COVERAGE A. INSURING AGREEMENT - LIABILITY FOR MONETARY DAMAGES

1. We will pay those sums that the insured becomes legally obligated to pay as monetary damages arising out of a “wrongful act”, or an “employment practices” offense, or an offense in the “administration” of your “employee benefit plans”, to which this insurance applies. We will have the right and duty to defend any “suit” seeking those damages. However, we will have no duty to defend the insured against any “suit” seeking damages for a “wrongful act” or an “employment practices” offense or an offense in the “administration” of your “employee benefit plans” to which this insurance does not apply. We may, at our discretion, investigate any “wrongful act”, “employment practices” offense or an offense in the “administration” of your “employee benefit plans” and settle any “claim” or “suit” that may result. But:
 - a. The amount we will pay for damages is limited as described in **SECTION IV. LIMITS OF INSURANCE**; and
 - b. Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under **Coverages A and B**.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for below under **Supplementary Payments**. However, we may, prior to any “claim” or “suit” and at our sole discretion and expense, help you with an Equal Employment Opportunity Commission investigation, or an equivalent state or local agency investigation. If we choose to help you with an investigation, our help will be strictly voluntary, and we may discontinue it at any time. You agree that our help does not admit, confirm, waive, estop, or in any way represent a determination of coverage of any alleged employment related violation

2. This insurance applies to “wrongful acts” or offenses only if:
 - a. The “wrongful act” or offense takes place in the “coverage territory” during the policy period; and
 - b. Prior to the policy period, no insured listed in Paragraph 1. and 2.a. of **SECTION III. WHO IS AN INSURED** and no insured authorized by you to give or receive notice of a “wrongful act”, offense

or “claim” knew that the “wrongful act” or offense had taken place, in whole or in part. If such a listed insured knew, prior to the policy period, that the “wrongful act” or offense had taken place, then any continuation, change or resumption of such “wrongful act” or offense during or after the policy period will be deemed to have been known prior to the policy period.

3. “Wrongful acts” or offense will be deemed to have been known to have taken place at the earliest time when any insured listed in Paragraph 1. and 2.a. of **SECTION III. WHO IS AN INSURED** or any insured authorized by you to give or receive notice of a “wrongful act”, offense or claim:
 - a. Reports all, or any part, of the “wrongful act” or offense to us or any other insurer;
 - b. Receives a written or verbal demand or “claim” for damages because of the “wrongful act” or offense; or
 - c. Becomes aware by any other means that “wrongful act” or offense has taken place or has begun to take place.

COVERAGE A. SUPPLEMENTARY PAYMENTS

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

1. All expenses we incur.
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 to assist us in the investigation or defense of the “claim” or “suit”, including actual loss of earnings up to \$500 a day because of time off from work.
4. All court costs taxed against the insured in the “suit”. However, these payments do not include attorneys’ fees or attorneys’ expenses taxed against the insured.
5. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
6. All interest earned on that part of any judgment within our limit of insurance after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable Limit of Insurance.

These payments will not reduce the limits of insurance.

COVERAGE B. INSURING AGREEMENT - DEFENSE EXPENSE FOR INJUNCTIVE RELIEF

1. We will pay those reasonable sums the insured incurs as “defense expense” to defend against an action for “injunctive relief” because of a “wrongful act”, an “employment practices” offense, or an offense in the “administration” of your “employee benefit plans” to which this insurance applies. However:

- a. The amount we will pay for “defense expense” is limited as described in **SECTION IV. LIMITS OF INSURANCE**; and
- b. We have no obligation to arrange or provide the defense for any action for “injunctive relief”.
No other obligation or liability to pay sums or perform acts or services is covered.

2. This insurance applies only if:

- a. The action seeking “injunctive relief” is brought in a legally authorized court or agency of the United States, any of its states or commonwealths, or any governmental subdivision of any of them;
- b. Such action is filed during the policy period; and
- c. The insured:
 - (1) First notifies us as soon as practicable after retaining counsel to respond to such action but in no case later than 60 days after the end of the policy period; and
 - (2) Is reasonably expedient in requesting us to pay the “defense expense”.

3. All actions based on or arising out of the same or related “wrongful acts” or offenses shall be considered one action for “injunctive relief” regardless of the number of:

- a. Insureds;
- b. Plaintiffs;
- c. Demands asserted; or
- d. Injunctions, temporary restraining orders or prohibitive writs.

Related “wrongful acts” or offenses shall include “wrongful acts” or offenses which are the same, related or continuous, or which arise from a common nucleus of facts.

SECTION II. EXCLUSIONS

This insurance does not apply under either **Coverage A** or **Coverage B** to:

1. **Other Applicable Coverage**

Any “wrongful act” or offense which is insured by any other policy or policies except:

- a. A policy purchased to apply in excess of this coverage part; or
- b. That portion of monetary damages otherwise covered by this coverage part which exceeds the limits of liability of such other policy or policies, subject to the Other Insurance Condition in **SECTION VI. CONDITIONS**.

2. **Asbestos**

Any injury, damage, expense, cost, loss, liability or legal obligation arising out of or in any way related to asbestos or asbestos-containing materials or exposure thereto, or for the costs of abatement, mitigation, removal, elimination or disposal of any of them.

3. **Attorneys Fees and Court Costs**

Any award of costs or fees which arises out of an action for “injunctive relief”.

4. **Bodily Injury, Property Damage or Personal and Advertising Injury**

“Bodily injury”, “property damage”, or “personal and advertising injury” except when resulting from a covered “employment practices” offense.

5. **Bonds**

Any obligation related to a fidelity bond or a surety bond.

6. **Claims Against Other Insureds**

Any actions for “injunctive relief” or “claims”:

- a. By a Named Insured against any other insured; or
- b. By one Named Insured against another Named Insured.

7. **Compliance with ADA Requirements**

Costs or expenses incurred as a result of physical modifications made to accommodate persons with disabilities as required by:

- a. The Americans with Disabilities Act of 1990; or
- b. Any federal, state, or local disability discrimination or accommodation laws or regulations; including subsequent amendments or any regulations promulgated thereunder.

8. **Contracts**

Any amount actually or allegedly due under the terms of any contract for the purchase of goods or services or any payment or performance contract, other than an employment contract.

9. **Contractual Liability**

Damages, loss or expense based upon, attributed to, arising out of, in consequence of, or in any way related to any contract or agreement to which the insured is a party or a third-party beneficiary, including, but not limited to, any representations made in anticipation of a contract or any interference with the performance of a contract.

10. **Criminal Acts**

Damages, loss or expense arising out of or contributed to by any fraudulent, dishonest, criminal or malicious act of the insured (except for “sexual abuse” which is excluded in the Sexual Abuse exclusion below), or the willful violation of any statute, ordinance or regulation committed by or with the knowledge of the insured. However, we will defend the insured for covered civil action subject to the other terms of this coverage part until either a judgment or final adjudication establishes such an act, or the insured confirms such act.

11. **Debt Financing**

Damages, loss or expense arising out of or contributed to by any debt financing, including but not limited to bonds, notes, debentures and guarantees of debt.

12. **Employment Contracts**

Any amount actually or allegedly due under the terms of any contract of employment for a definite term, or as severance pay under any contract of employment.

13. ERISA, COBRA and WARN Act Liability

Damages, loss or expense arising out of or contributed to by any insured's obligations under:

- a. The Employee Retirement Income Security Act of 1974 (ERISA);
- b. The Comprehensive Omnibus Budget Reconciliation Act (COBRA);
- c. The Worker Adjustment and Retraining Notification Act (WARN); or
- d. Any similar federal, state, or local laws or regulations;

including subsequent amendments or any regulations promulgated thereunder.

14. Failure to Maintain Insurance

The failure to effect or maintain:

- a. Insurance of any kind, including adequate limits of insurance; or
- b. Suretyship or bonds.

This exclusion does not apply to the extent coverage is provided for the "administration" of "employee benefit plans".

15. Fines

Fines, penalties and taxes, including those imposed by the Internal Revenue Service code or any similar state or local code.

16. Fungi or Bacteria

- a. Any liability, loss, injury or damage which would not have occurred or taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.
- b. Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

17. Governmental Enforcement Action

Damages, loss or expense arising from an insured's willful violation of any federal, state, or local law, rule, or regulation.

18. Law Enforcement

Damages, loss, or expense arising out of any "law enforcement activity". This exclusion does not apply to an "employment practices" offense or an offense in the administration of "employee benefit plans" involving your law enforcement agency.

19. Lead, Electromagnetic Radiation, Nuclear

- a. Any injury, damage, expense, cost, loss, liability or legal obligation arising out of or in any way related to:
 - (1) The toxic properties of lead, or any material or substance containing lead; or
 - (2) Electromagnetic radiation;or exposure thereto, or for the costs of abatement, mitigation, removal, elimination or disposal of any of them.

- b. Any loss, cost or expense arising out of any actual, alleged or threatened injury or damage to any person or property from any radioactive matter or nuclear material.

20. Performance of Employee Benefit Plans

Any "employment practices" offense or any offense in the "administration" of "employee benefit plans" arising out of:

- a. Failure of any investment program, individual securities or savings program to perform as held forth by or represented by an insured;
- b. Advice given by an insured in connection with participation or non-participation in stock subscription plans, savings programs or any other "employee benefit plan";
- c. Errors in providing information or failing to provide information on past performance of investment vehicles;
- d. Failure of the insured or any insurer, fiduciary, trustee or fiscal agent to perform any of their duties or obligations or to fulfill any of their guarantees with respect to the payment of benefits under "employee benefit plans" or the providing, handling or investment of funds;
- e. The liability of others which is assumed by the insured under a contract or agreement, except to the extent the insured would have been liable in the absence of the contract or agreement;
- f. Any "claim" for the return of compensation paid by the insured if a court determines that the payment was illegal; or
- g. Any "claim" for benefits that are lawfully paid or payable to a beneficiary from the funds of an "employee benefit plan".

21. Pollution

- a. Any injury, damage, expense, cost, loss, liability or legal obligation arising out of or in any way related to pollution, however caused. Pollution includes the actual, alleged, or potential presence in or introduction into the environment of any substance if such substance has, or is alleged to have, the effect of making the environment impure, harmful or dangerous. Environment includes any air, land, structure (or the air therein), watercourse or other body of water, including underground water.
- b. This insurance does not apply to any loss, cost or expense arising out of any:
 - (1) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
 - (2) "Claim" or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

22. Preparation of Bid Specifications

Damages arising out of estimates of probable costs or cost estimates being exceeded or faulty preparation of bid specifications or plans including architectural plans.

23. Professional Health Care

Damages, loss or expense arising out of providing or failing to provide "professional health care services".

24. Professional Liability

Damages, loss or cost arising out of the rendering of, or failure to render of professional services by a lawyer, engineer, architect or surveyor, except that this exclusion will not apply to "claims" made against insureds while acting solely as public officials or "employees" and not in their professional capacities as a lawyer, engineer, architect, surveyor, or medical personnel.

25. Profit, Advantage or Remuneration

Any loss, cost or expense based upon or attributable to the insured gaining any profit, advantage or remuneration to which the insured is not legally entitled.

26. Public Use of Property

Damages, loss or expense arising from any method or proceeding used to take control of private property for public use including condemnation, adverse possession, and dedication by adverse use or inverse condemnation.

27. Publications and Pronouncements

Damages, loss or expense based upon, attributable to, or arising out of "wrongful acts" resulting from:

- a. Publications or pronouncements, including material placed on the Internet or on similar electronic means of communication, concerning any organization or business enterprise or their products or services made by or at the direction of the insured with the knowledge of its falsity; or
- b. Printing of periodicals, advertising matter, or any or all jobs taken by any insured to be printed for a third party when the periodicals, advertising matter or other printing is not within the scope of the organization's own activities.

28. Sexual Abuse

- a. "Sexual abuse" of any person; or
- b. The negligent:
 - (1) Employment;
 - (2) Investigation;
 - (3) Supervision;
 - (4) Reporting to the proper authorities, or failing to so report; or
 - (5) Retention;of a person for whom any insured is or ever was legally responsible and whose conduct would be excluded by paragraph (a) above.

29. Specific Operations

"Wrongful act" or offense arising from the ownership, operation, maintenance, entrustment to others, or use of any:

- a. School;
- b. Hospital or medical clinic;
- c. Nursing home, convalescent home, or home for the aged, handicapped or orphaned;
- d. Mental or psychiatric institution or institution for the restraint or treatment of substance abusers;
- e. Airport or similar facility;
- f. Port or similar facility;
- g. Public housing authority or project;
- h. Gas or electric generation facility; or

- i. Sanitary landfill, dump, or other permanent waste disposal facility.

30. Strikes, Riot, Civil Commotion or Mob Action

Damages, loss or expense arising out of or contributed to by any lockout, strike, picket line, replacement or other similar actions resulting from labor disputes or labor negotiations or any act or omission in connection with the prevention or suppression of a riot, civil commotion or mob action.

31. Tax Assessments

Damages, loss or expense arising out of or contributed to by any tax assessments or adjustments, or the collection, refund, disbursement or application of any taxes. This exclusion does not apply to the use or prioritization of your operating funds.

32. Wage and Hour Laws

Back wages, overtime or similar damages if specified by the Fair Labor Standards Act of 1938, as amended, or any other wage or hour law.

33. Water Or Wastewater Professional Activity

Damages, loss, or expense arising out of an act, error or omission from your “water or wastewater professional activity” that also results in “bodily injury” or “property damage”.

34. Workers’ Compensation and Similar Laws

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

SECTION III. WHO IS AN INSURED

1. If you are designated in the Declarations as:
 - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
 - b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business. However, if you are a public entity, you are insured as a partner in a partnership or as a joint venturer in a joint venture, but only if the partnership or joint venture is between you and another governmental organization or non-profit entity. Coverage does not extend to a partnership or joint venture that operates, controls, or funds a school, hospital or medical clinic, nursing home, airport, port, public housing, gas or electric generation facility.
 - c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
 - d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your “executive officers” and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
 - e. A public entity, you are an insured. Your operating authorities, boards, commissions, districts or any other governmental units are insureds, provided that you operate, control, and fund the authority, board, commission, district, or other governmental unit. Coverage does not extend to an authority, board, commission, district, or other governmental unit that operates, controls, or funds

a school, hospital or medical clinic, nursing home, airport, port, public housing, gas or electric generation facility.

f. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

2. Each of the following is also an insured:

a. **Elected or appointed officials.** Your elected and appointed officials, including elected and appointed officials of your operating authorities, boards, commissions, districts, or other governmental units but only for acts within the course and scope of their duties for the insured public entity or its operating authorities, boards, commissions, districts or other governmental units.

b. **Volunteer workers or employees.** Your “volunteer workers” only while performing duties related to the conduct of your operations, or your “employees”, other than either your “executive officers” (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your operations. However, none of these “employees” or “volunteer workers” are insureds for:

(1) “Bodily injury” or “personal and advertising injury”:

(a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-“employee” while in the course of his or her employment or performing duties related to the conduct of your operations, or to your other “volunteer workers” while performing duties related to the conduct of your operations;

(b) To the spouse, child, parent, brother or sister of that co-“employee” or “volunteer worker” as a consequence of Paragraph (1)(a) above; or

(c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1)(a) or (1)(b) above.

(2) “Property damage” to property:

(a) Owned, occupied or used by,

(b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by,

you, any of your “employees”, “volunteer workers”, any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

c. **Mutual Aid Agreements.** Any persons or organizations providing service to you under any mutual aid or similar agreement.

3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:

a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier; and

b. Coverage does not apply to a “wrongful act”, “employment practices” offense or offense in the “administration” of your “employee benefit plans” that took place before you acquired or formed the organization or of which you had notice or knowledge.

No person or organization is an insured with respect to the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

SECTION IV. LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. "Claims" made or "suits" brought; or
 - c. Persons or organizations making "claims" or bringing "suits".
2. The Aggregate Limit is the most we will pay for the sum of:
 - a. Monetary damages under **Coverage A**; and
 - b. "Defense expense" under **Coverage B**;
3. Subject to 2. above, the Each "Wrongful Act" or Offense limit is the most we will pay under **Coverage A** for the sum of all monetary damages arising out of the same or related offenses or "wrongful acts".
4. Subject to 2. above, the Each Action for "Injunctive Relief" limit is the most we will pay under **Coverage B** for all "defense expense" arising out of all actions or proceedings for "injunctive relief" arising out of the same or related offenses or "wrongful acts".
5. The Aggregate Limits of this coverage part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.
6. Our obligations under this coverage part end when the applicable Limit of Insurance available is exhausted. If we pay amounts for monetary damages or "defense expense" in excess of that Limit of Insurance, you agree to reimburse us for such amounts.

SECTION V. YOUR DEDUCTIBLE

Our obligation to pay damages on your behalf applies only to the amount of damages in excess of any Deductible Amount shown in the policy declarations for **Coverage A**.

1. Limits of Insurance applicable to each "wrongful act", "employment practices" offense, or an offense in the "administration" of your "employee benefit plans" will be reduced by the Deductible Amount. However, the policy aggregate limit will not be reduced by the application of the Deductible Amount.
2. The Deductible Amount applies to each "wrongful act", to each "employment practices" offense, or to each offense in the "administration" of your "employee benefit plans" and applicable "loss adjustment expense" regardless of the number of insureds, persons, or organizations making "claims" or bringing suits, or "claims" made or "suits" brought because of such "wrongful act", "employment practices" offense, or offense in the "administration" of your "employee benefit plans".
3. The terms of this insurance, including those with respect to:
 - a. Our right and duty to defend any "suits" seeking those "damages"; and
 - b. Your duties in the event of a "wrongful act", "claim", or "suit"

apply irrespective of the application of the Deductible Amount.

4. We may pay any part or all of the Deductible Amount to effect settlement of any "claim" or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the Deductible Amount paid by us.

SECTION VI. CONDITIONS

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

1. Bankruptcy

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

2. Duties in the Event of a "Wrongful Act", Offense, "Claim" or "Suit"

- a. You must see to it that we are notified as soon as practicable of a "wrongful act" or offense which may result in a "claim" or "suit". To the extent possible, notice should include:
 - (1) How, when and where the "wrongful act" or offense took place; and
 - (2) The names and addresses of any persons seeking damages or of any witnesses.If a "claim" is made or "suit" is brought against any insured, you must:
 - (1) Immediately record the specifics of the "claim" or "suit" and the date received; and
 - (2) Notify us as soon as practicable.You must see to it that we receive written notice of the "claim" or "suit" as soon as practicable.
- b. You and any other involved insured must:
 - (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "claim" or "suit";
 - (2) Authorize us to obtain records and other information;
 - (3) Cooperate with us in the investigation, settlement or defense of the "claim" or "suit"; and
 - (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of damages to which this insurance may also apply.
- c. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense without our written consent.
- d. Notice shall be deemed given as soon as practicable if it is given by any person to whom you have delegated such responsibility as soon as practicable after they become aware of a "wrongful act" or offense.

3. Duties in the Event of a Request to Pay "Defense Expense" for "Injunctive Relief"

- a. You must see to it that we are notified as soon as practicable of an action or proceeding which may give rise to a request for us to respond for "defense expense". To the extent possible, notice should include:
 - (1) The plaintiff in the action;
 - (2) The court or agency involved;
 - (3) The relief being sought; and
 - (4) The date of the action and any underlying demand.

- b. You and any other involved insured must:
 - (1) Immediately send us copies of any legal papers received in connection with the action and any underlying demand;
 - (2) Cooperate with us in the determination of any “defense expense” which may be covered by this insurance; and
 - (3) Submit a request for us to pay any covered “defense expense”.

4. **Legal Action Against Us**

No person or organization has a right under this coverage part:

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

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages or “defense expenses” that are not payable under the terms of this coverage part or that are in excess of the applicable Limit of Insurance. Under **Coverage A**, an agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

5. **Other Insurance**

If other valid and collectible insurance is available to the insured for a loss or “defense expense” we cover under this coverage part, this insurance is excess over any of the other insurance and its deductible or self-insured retention provisions, whether primary, excess, contingent or on any other basis.

6. **Representations**

By accepting this policy, you agree:

- a. The information in the Declarations is accurate and complete;
- b. That information is based upon representations you made to us in the application for this insurance. This application forms the basis of our obligations under this coverage part; and
- c. This coverage part is void if any material fact or circumstance relating to this insurance is intentionally omitted or misrepresented in the application for this insurance.

7. **Separation of Insureds**

Except with respect to the Limit of Insurance as described in **SECTION IV**, and any rights or duties specifically assigned to the first Named Insured, this insurance applies:

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

8. **Transfer of Rights of Recovery Against Others to Us**

If the insured has rights to recover all or part of any payment we have made under this coverage part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring “suit” or transfer those rights to us and help us enforce them.

9. **When We Do Not Renew**

If we decide not to renew this coverage part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of such non-renewal not less than 30 days before the expiration date. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION VII. DEFINITIONS

1. "Administration" means any of the following acts that you do or authorize a person to do:
 - a. Counseling "employees" or "volunteer workers", other than giving legal advice, on "employee benefit plans";
 - b. Interpreting your "employee benefit plans";
 - c. Handling records for your "employee benefit plans"; and
 - d. Effecting enrollment, termination or cancellation of "employees" or "volunteer workers" under your "employee benefit plans".
2. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
3. "Claim" means written or oral notice, including "suit", from any party, that it is their intention to hold the insured responsible for damages arising out of a "wrongful act" or offense by the insured.
4. "Coverage territory" means the United States of America (including its territories and possessions), Puerto Rico and Canada.
5. "Defense expense" means under **Coverage B**, fees or expenses incurred by the insured for:
 - a. Legal fees charged by the insured's attorney;
 - b. Court costs;
 - c. Expert witnesses; and
 - d. The cost of court bonds, but we do not have to furnish these bonds."Defense expense" does not include:
 - (1) Any salaries, charges or fees for any insured, insured's "volunteer workers" or "employees", or former "volunteer workers" or "employees"; or
 - (2) Any expenses other than a., b., c. and d. above.
6. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
7. "Employee benefit plans" mean group life insurance, group accident or health insurance, profit sharing plans, pension plans, "employee" stock subscription plans, "employee" travel, vacation, or savings plans, workers compensation, unemployment insurance, social security and disability benefits insurance, and any other similar benefit program applying to "employees" or "volunteer workers".
8. "Employment practices" means an actual or alleged improper employment related practice, policy, act or omission involving an actual, prospective, or former "volunteer worker" or "employee", including:
 - a. Failing to hire or refusing to hire;

- b. Wrongful dismissal, discharge, or termination of employment or membership, whether actual or constructive;
 - c. Wrongful deprivation of a career opportunity, or failure to promote;
 - d. Wrongful discipline of “volunteer workers” or “employees”;
 - e. Negligent evaluation of “volunteer workers” or “employees”;
 - f. Retaliation against “volunteer workers” or “employees” for the exercise of any legally protected right or for engaging in any legally protected activity;
 - g. Failure to adopt adequate workplace or employment-related policies and procedures;
 - h. Harassment, including “sexual harassment”; or
 - i. Violation of any federal, state or local laws (whether common law or statutory) concerning employment or discrimination in employment.
9. “Executive Officer” means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
10. “Fungi” means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or by-products produced or released by “fungi”.
11. “Injunctive relief” means equitable relief sought through the demand for the issuance of a permanent, preliminary or temporary injunction, restraining order, or similar prohibitive writ against, or order for specific performance by, an insured provided such action is filed during the policy period.
12. “Law enforcement activity” means the activities of any insured while acting as a law enforcement official, officer, auxiliary officer, “employee”, or “volunteer worker” of the law enforcement agency or department of the Named Insured. “Law enforcement activity” does not include your operations related to any building, code, license, permit, health, sanitation, animal control, safety, planning or zoning enforcement.
13. “Leased worker” means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. “Leased worker” does not include a “temporary worker”.
14. “Loss adjustment expense” means those expenses incurred to adjust a “claim” which includes fees paid to attorneys, experts, investigators or independent adjusters used to defend a “claim” and other court costs such as legal fees, etc. It does not include the cost of our salaried claims staff or their office expenses.
15. “Personal and advertising injury” means injury, including consequential “bodily injury”, arising out of one or more of the following offenses:
- a. False arrest, detention or imprisonment;
 - b. Malicious prosecution;
 - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, or any other interference with real property rights;
 - d. Oral or written publication in any manner of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
 - e. Oral or written publication in any manner of material that violates a person's right of privacy;

- f. The use of another's advertising idea in your advertisement; or
 - g. Infringing upon another's copyright, trade dress or slogan in your advertisement.
16. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
17. "Professional health care services" means:
- a. Providing medical or nursing services;
 - b. Providing professional services of any other health care professional, including emergency medical technicians and paramedics;
 - c. Furnishing or dispensing drugs or medical, surgical or dental supplies or appliances;
 - d. Handling of patients:
 - (1) From the place where they are accepted for movement into or onto the means of transport,
 - (2) During transport, and
 - (3) From the means of transport to the place where they are finally delivered;
 - e. Dispatching of, including the failure or refusal to dispatch, personnel to provide any of the above services;
 - f. Serving on, or carrying out the orders of, a health care accreditation board or similar professional board or committee; and
 - g. Establishing medical protocol, creating medical training curricula, providing medical training, conducting medical quality assurance programs, and carrying out similar duties.
18. "Property damage" means:
- a. Physical injury to tangible property, including all resulting loss of use of that property; and
 - b. Loss of use of tangible property that is not physically injured but results from a. above.
19. "Sexual abuse" means any actual, attempted or alleged sexual conduct by a person, or by persons acting in concert, which causes injury. "Sexual abuse" includes sexual molestation, sexual assault, sexual exploitation or sexual injury, but does not include "sexual harassment".
20. "Sexual harassment" means any actual, attempted or alleged unwelcome sexual advances, requests for sexual favors, or other conduct of a sexual nature by a person, or by persons acting in concert, which causes injury, but only when:
- a. Submission to or rejection of such conduct is made either explicitly or implicitly a condition of a person's employment, or a basis for employment decisions affecting a person; or
 - b. Such conduct has the purpose or effect of interfering with a person's work performance or creating an intimidating, hostile or offensive work environment.
21. "Suit" means a civil proceeding in which damages arising out of an offense or "wrongful act" to which this insurance applies are alleged. "Suit" includes:
- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
 - b. Any other civil alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

But “suit” does not mean any ethical conduct review or enforcement action, or disciplinary review or enforcement action.

22. “Temporary worker” means a person who is furnished to you to substitute for a permanent “employee” on leave or to meet seasonal or short-term workload conditions.
23. “Volunteer worker” means a person who is not your “employee”, and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.
24. “Water or wastewater professional activity” means an act, error or omission which arises from your activities as a water or wastewater district, water utility, or any other entity whose primary duty is the treatment and distribution of “potable water”, or the collection and treatment of wastewater.
25. “Wrongful act” means any actual or alleged error, act, omission, neglect, misfeasance, nonfeasance, or breach of duty, including violation of any civil rights law, by any insured in discharge of their duties individually or collectively that results directly but unexpectedly and unintentionally in damages to others.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF PROFESSIONAL LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

PUBLIC OFFICIALS AND MANAGEMENT LIABILITY COVERAGE PART
PUBLIC OFFICIALS AND MANAGEMENT LIABILITY COVERAGE PART (CLAIMS MADE)

The Professional Liability Exclusion under **Section II. Exclusions** is deleted and replaced by the following:

Professional Liability

- a. Damages, loss or cost arising out of the rendering of or failure to render professional services by a lawyer, engineer, architect, surveyor or medical personnel, except that this exclusion will not apply to “claims” made against insureds while acting solely as public officials or “employees” and not in their professional capacities as a lawyer, engineer, architect, surveyor or medical personnel.
- b. This exclusion does not apply to the professional services listed in **a.** that are provided to you by “employees”, except medical personnel, while acting within the scope of their duties on your behalf.

AMENDATORY ENDORSEMENT INJUNCTIVE OR DECLARATORY RELIEF

This endorsement modifies insurance provided under the following:

PUBLIC OFFICIALS AND MANAGEMENT LIABILITY COVERAGE PART
PUBLIC OFFICIALS AND MANAGEMENT LIABILITY COVERAGE PART (CLAIMS MADE)

1. The definition of “injunctive relief” under the **Definitions Section** is replaced by the following:

“Injunctive or declaratory relief” means:

- a. Equitable relief sought through the demand for the issuance of a permanent, preliminary or temporary injunction, restraining order, or similar prohibitive writ against, or order for specific performance by, an insured; or
 - b. Any request that a court make a finding of law or fact, provided such action is filed during the policy period.
2. All instances of the defined term “injunctive relief” appearing throughout the coverage part are replaced with the defined term “injunctive or declaratory relief”.

AMENDATORY ENDORSEMENT EEOC ADMINISTRATIVE HEARINGS COVERAGE

This endorsement modifies insurance provided under the following:

PUBLIC OFFICIALS AND MANAGEMENT LIABILITY COVERAGE PART
PUBLIC OFFICIALS AND MANAGEMENT LIABILITY COVERAGE PART (CLAIMS MADE)

1. The definition of “suit” under the **Definitions Section** is replaced by the following:

“Suit” means a civil proceeding in which damages arising out of an offense or “wrongful act” to which this insurance applies are alleged. “Suit” includes:

- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.
- c. With respect to an “employment practices” offense only, an administrative proceeding commenced with the Equal Employment Opportunity Commission, or its state equivalent.

But “suit” does not mean any ethical conduct review, disciplinary action or licensing action.

2. The last paragraph of 1. under **Section I – Coverages, Coverage A – Insuring Agreement – Liability for Monetary Damages** is replaced by the following:

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for below, under **Supplementary Payments**.

CYBER LIABILITY AND PRIVACY CRISIS MANAGEMENT EXPENSE

COVERAGE D AND COVERAGE E ARE FOR EVENTS DISCOVERED DURING THE POLICY PERIOD
PLEASE READ THE ENTIRE FORM CAREFULLY

This endorsement modifies insurance provided under the following:

PUBLIC OFFICIALS AND MANAGEMENT LIABILITY COVERAGE PART
PUBLIC OFFICIALS AND MANAGEMENT LIABILITY COVERAGE PART (CLAIMS MADE)

Schedule

Coverage D Cyber Liability

Cyber Liability Each Event Limit: \$1,000,000 each "electronic information security event"
Cyber Liability Retroactive Date: 01/03/2013

Coverage E Privacy Crisis Management Expense

Privacy Crisis Management Expense Each Event Limit: \$50,000 each "privacy event"
Privacy Crisis Management Expense Retroactive Date: 01/03/2008
Deductible for Coverage E Privacy Crisis Management Expense: \$0 each "privacy event"

Coverage F Cyber Extortion Expense

Cyber Extortion Expense Each Event Limit: \$20,000 each "cyber extortion threat"
Deductible for Coverage F Cyber Extortion Expense: \$0 each "cyber extortion threat"

Coverage E and Coverage F Aggregate Limit of Insurance

Privacy Crisis Management Expense and Cyber Extortion Expense Aggregate Limit: \$50,000 aggregate

A. COVERAGES

The following coverages are added to **Section I. Coverages**. All other terms and conditions remain as is unless otherwise stated in this endorsement:

1. COVERAGE D CYBER LIABILITY - Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as monetary damages because of an “electronic information security event” to which this insurance applies. We will have the right and duty to defend the insured against any “suit” seeking those damages. However, we will have no duty to defend the insured against any “suit” seeking damages for an “electronic information security event” to which this insurance does not apply. We may, at our discretion, investigate any “electronic information security event” and settle any “claim” or “suit” that may result. But:

(1) The amount we pay for damages is limited as described in **Section C. Limits of Insurance**; and

(2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements.

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

b. This insurance applies to an “electronic information security event” only if:

(1) The “electronic information security event” takes place in the “coverage territory” and any responsibility to pay damages is determined in a “suit” on the merits brought in the United States of America (including its territories and possessions), Puerto Rico or Canada or in a settlement we agree to;

(2) The “electronic information security event” does not result from an act, error or omission that occurred before the Cyber Liability Retroactive Date or after the end of the policy period;

(3) The “electronic information security event” is first discovered in accordance with Paragraph **c.** below during the policy period or any Extended Reporting Period we provide according to **Section E. Extended Reporting Period**; and

(4) Written notice of the “electronic information security event” is received by us within 60 days of its first discovery or before the end of any Extended Reporting Period, whichever is earlier.

c. First Discovery And Related Events And Acts

(1) First Discovery

An “electronic information security event” will be deemed to have been discovered at the earliest of the following times:

(a) When such “electronic information security event” is discovered and recorded by any insured or by us, whichever comes first; or

(b) When you become aware of an act, error or omission that may subsequently result in an “electronic information security event” and you give written notice to us, as described in **Section VI. Conditions**, of such circumstances as soon as practicable but no later than:

(i) 60 days after becoming aware; or

(ii) The end of any applicable Extended Reporting Period;
whichever is earlier.

(2) Related Events

All related “electronic information security events” will be considered one event and will be considered first discovered when the first of such related events is discovered.

Related “electronic information security events” include all “electronic information security events” that are the same, related or continuous, or that arise from a common nucleus of facts, circumstances, events or acts.

(3) Related Acts

All acts, errors or omissions that result in the same or related “electronic information security events” will be considered one act, error or omission and will be considered to have occurred when the first of such related acts, errors or omissions occurred.

2. COVERAGE E PRIVACY CRISIS MANAGEMENT EXPENSE - Insuring Agreement

a. We will pay applicable “privacy crisis management expenses” incurred on behalf of the insured because of a “privacy event” to which this insurance applies. But the amount we will pay is limited as described in **Section C. Limits of Insurance**.

No other obligation or liability to pay sums or perform acts or services is covered.

b. This insurance applies to a “privacy event” only if:

(1) The “privacy event” takes place in the “coverage territory” and any responsibility to pay damages is determined in a “suit” on the merits brought in the United States of America (including its territories and possessions), Puerto Rico or Canada or in a settlement we agree to;

(2) The “privacy event” does not result from an act, error or omission that occurred before the Privacy Crisis Management Expense Retroactive Date or after the end of the policy period;

(3) The “privacy event” is first discovered in accordance with Paragraph c. below during the policy period or any Extended Reporting Period we provide according to **Section E. Extended Reporting Period**; and

(4) Written notice of the “privacy event” is received by us within 60 days of its first discovery or before the end of any Extended Reporting Period, whichever is earlier.

c. First Discovery And Related Events And Acts

(1) First Discovery

A “privacy event” will be deemed to have been discovered at the earliest of the following times:

(a) When such “privacy event” is discovered and recorded by any insured or by us, whichever comes first; or

(b) When you become aware of an act, error or omission that may subsequently result in a “privacy event”, and you give written notice to us, as described in **Section VI. Conditions**, of such circumstances as soon as practicable but no later than:

(i) 60 days after becoming aware; or

(ii) The end of any applicable Extended Reporting Period; whichever is earlier.

(2) Related Events

All related “privacy events” will be considered one event and will be considered first discovered when the first of such related events is discovered.

Related “privacy events” include all “privacy events” that are the same, related or continuous, or that arise from a common nucleus of facts, circumstances, events or acts.

(3) Related Acts

All acts, errors or omissions that result in the same or related “privacy events” will be considered one act, error or omission and will be considered to have occurred when the first of such related acts, errors or omissions occurred.

- d. This insurance applies to “privacy crisis management expenses” only if:
 - (1) The “privacy crisis management expenses” are because of a “privacy event” to which this insurance applies;
 - (2) The “privacy crisis management expenses” are incurred within 6 months from the date the “privacy event” was first discovered in accordance with Paragraph **c.** above or within 12 months as respects costs included in **Section F. Definitions**, Paragraph **3.j.(1)(e)** Services for Individuals Affected by Personal Identity Event in the definition of “privacy crisis management expenses”; and
 - (3) Any consultants, vendors or suppliers providing the materials or services included in “privacy crisis management expenses” are approved by us.

3. COVERAGE F CYBER EXTORTION EXPENSE - Insuring Agreement

- a. We will reimburse you for “cyber extortion expenses” that you have paid because of a “cyber extortion threat” to which this insurance applies. But the amount we will pay is limited as described in **Section C. Limits of Insurance**.

No other obligation to pay sums or perform acts or services is covered.

- b. This insurance applies to a “cyber extortion threat” only if the “cyber extortion threat”:
 - (1) Takes place in the “coverage territory”;
 - (2) Is first made against you during the policy period and;
 - (3) Is reported to us as soon as practicable, but in no event more than 60 days after the date it is first made against you.

- c. Related Cyber Extortion Threat Events

All related “cyber extortion threats” will be considered one “cyber extortion threat” event and will be considered first made when the first “cyber extortion threat” is received.

Related “cyber extortion threat” events include all “cyber extortion threats” that are the same, related or continuous, or that arise from a common nucleus of facts, circumstances, events or acts.

- d. This insurance applies to “cyber extortion expenses” only if:
 - (1) The “cyber extortion expenses” are because of a “cyber extortion threat” to which this insurance applies; and
 - (2) The “cyber extortion expenses” are incurred within 6 months from the date the “cyber extortion threat” was first received by you in accordance with Paragraph **b.** above.

4. Exclusions

- a. **Exclusions Applicable To Public Officials And Management Liability**

The following exclusion is added to **Section II. Exclusions**:

This insurance does not apply under either Coverage **A** or Coverage **B** to:

Electronic Information Security Event

Damages, loss or expense arising directly or indirectly from an “electronic information security event”.

- b. **Public Officials And Management Liability Exclusions Applicable to Cyber Liability, Privacy Crisis Management Expense And Cyber Extortion Expense**

All exclusions under **Section II. Exclusions** apply to Coverage **D** Cyber Liability, Coverage **E** Privacy Crisis Management Expense and Coverage **F** Cyber Extortion Expense, except:

- (1) The Electronic Information Security Event exclusion in **4.a.** above does not apply to this Cyber Liability And Privacy Crisis Management Expense endorsement;
- (2) As respects Coverage **E** Privacy Crisis Management Expense, Exclusion **1. Other Applicable Coverage** does not apply; and

(3) As respects Coverage E Privacy Crisis Management Expense and Coverage F Cyber Extortion Expense, exclusion 6. Bodily Injury, Property Damage or Personal and Advertising Injury (in form GML101) or exclusion 4. Bodily Injury, Property Damage or Personal and Advertising Injury (in form GML102), as applicable, do not apply to:

- (a) Oral or written publication in any manner of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
- (b) Oral or written publication in any manner of material that violates a person's right of privacy.

c. Exclusions Applicable To Coverage D Cyber Liability

The following exclusion applies to Coverage D Cyber Liability:

This insurance does not apply to:

1. General Liability

Damages, loss or expense that your General Liability Coverage Form applies to. This includes any damages, loss or expense that your General Liability Coverage Form would apply to except for the exhaustion of its limits, its cancellation prior to the end of its policy period or your failure to fulfill its requirements.

d. Exclusions Applicable to Cyber Liability, Privacy Crisis Management Expense, And Cyber Extortion Expense

The following exclusions apply to Coverage D Cyber Liability, Coverage E Privacy Crisis Management Expense and Coverage F Cyber Extortion Expense:

This insurance does not apply to:

1. Failure to Follow Risk Management Procedures and Inadequacy of Software

Damages, loss, or expense arising directly or indirectly from:

- a. Any shortcoming in security that you knew about prior to the inception of this policy and for which you failed to take corrective action within a reasonable time, not to exceed 60 days;
- b. Your failure to comply with all data security standards issued by credit card issuers or financial institutions with whom you transact business, if you process, store or handle credit card information;
- c. Your reckless disregard for the security of "personally identifiable information" and "confidential corporate information"; or
- d. The inability to use, or the lack of performance of, software:
 - (1) Due to the expiration, cancellation, or withdrawal of such software;
 - (2) That has not yet been released from its development stage; or
 - (3) That has not passed all test runs or proven successful in applicable daily operations.

2. Unauthorized Collection of Personal Information

Damages, loss or expense arising directly or indirectly from:

- a. The illegal, unauthorized or wrongful collection of "personally identifiable information", including collection of "personally identifiable information" using cookies or malware, if committed by or with the knowledge of the insured; or
- b. The failure to provide required notice that such "personally identifiable information" is being collected.

3. **Governmental Seizure of Computer System**

Damages, loss or expense arising directly or indirectly from the seizure, confiscation, expropriation, nationalization, or destruction of a “computer system” by order of any governmental authority.

4. **Known Prior Acts**

Any “electronic information security event” or “privacy event” that results from an act, error or omission that takes place prior to the inception date of this coverage part if the insured knew or reasonably should have foreseen that such act, error or omission would give rise to a “claim” or “privacy crisis management expenses”.

5. **Prior Litigation**

Damages, loss or expense based upon, attributed to, arising out of, in consequence of, or in any way related to litigation or administrative or regulatory proceedings otherwise covered by this coverage part if such litigation or administrative or regulatory proceedings were initiated prior to or were pending on the inception date of this coverage part.

B. SUPPLEMENTARY PAYMENTS

For the purposes of the coverage provided by this endorsement:

All references to Supplementary Payments under **Section I. Coverages** are replaced by **Supplementary Payments - Coverages A and D**.

C. LIMITS OF INSURANCE

1. For the purposes of the coverage provided by Coverage **D** Cyber Liability of this endorsement the following revisions are made to **Section IV. Limits Of Insurance**:

- a. Paragraph **2.** is replaced by the following:

2. The Aggregate Limit is the most we will pay for the sum of:

- a. Monetary damages under Coverage **A**;
- b. “Defense expense” under Coverage **B**; and
- c. Monetary damages under Coverage **D**.

- b. The following paragraph is added:

Subject to **2.** above, the Cyber Liability Each Event Limit shown in the Schedule of this endorsement is the most we will pay under Coverage **D** for the sum of all monetary damages arising out of any one or all related “electronic information security event(s)”.

2. For the purposes of the coverage provided by Coverage **E** Privacy Crisis Management Expense and Coverage **F** Cyber Extortion Expense of this endorsement, the following is added to **Section IV. Limits Of Insurance**:

Privacy Crisis Management Expense and Cyber Extortion Expense Limits of Insurance

1. The Privacy Crisis Management Expense and Cyber Extortion Expense Aggregate Limit shown in the Schedule of this endorsement is the most we will pay for the sum of “privacy crisis management expenses” under Coverage **E** and “cyber extortion expenses” under Coverage **F**, regardless of the number of persons, “privacy events”, “cyber extortion threats” or entities covered by this policy.
2. Subject to the Privacy Crisis Management Expense and Cyber Extortion Expense Aggregate Limit, the Privacy Crisis Management Expense Each Event Limit is the most we will pay under Coverage **E** for the sum of all “privacy crisis management expenses” arising out of any one or all related “privacy event(s)”.

3. Subject to the Privacy Crisis Management Expense and Cyber Extortion Expense Aggregate Limit, the Cyber Extortion Expense Each Event Limit is the most we will pay under Coverage F for the sum of all “cyber extortion expenses” arising out of any one or all related “cyber extortion threat” event(s).
4. The Privacy Crisis Management Expense and Cyber Extortion Expense Aggregate Limit 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 issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the preceding period for the purposes of determining the Limit of Insurance.

D. CONDITIONS

1. For the purposes of the coverage provided by Coverage D of this endorsement:
 - a. In Condition 2. the following is added:

You must cooperate with us and our designated representatives in the provision of the services described in “privacy crisis management expense”.
 - b. The following condition is added:

11. Deductible - Coverage D

No deductible applies to Coverage D.
2. For the purposes of the coverage provided by Coverage E and Coverage F of this endorsement, the following conditions are added:

12. Duties in the Event of a Privacy Event or a Cyber Extortion Threat

 - a. You must notify us as soon as practicable of a “privacy event” or “cyber extortion threat”, but in no event later than 60 days after you incur “privacy crisis management expenses” or “cyber extortion expenses” for which coverage will be requested under this endorsement.
 - b. With respect to a “privacy event”, you must notify us in writing as soon as practicable but no later than sixty days after the first discovery of the “privacy event” by you. Notice must include:
 - (1) How, when and where the “privacy event” took place;
 - (2) A description of the “privacy event”;
 - (3) The number of individuals and type of personal identification involved in a “personal identity event”; and
 - (4) Upon request by us, the names and addresses of individuals affected by a “personal identity event”.
 - c. With respect to a “cyber extortion threat”, you must notify us in writing as soon as practicable but no later than sixty days after the first “cyber extortion threat” is received by you. Notice must include:
 - (1) How, when and where the “cyber extortion threat” took place;
 - (2) A description of the “cyber extortion threat”; and
 - (3) Names and addresses of the negotiator or investigator retained by you in connection with a “cyber extortion threat”.
 - d. You must provide us all information and assistance that we request and cooperate with us and our designated representatives in the:
 - (1) Investigation of any “privacy event” or any acts, errors or omissions that may result in a “privacy event”; and
 - (2) Provision of the services described in “privacy crisis management expense”.

13. Deductible - Coverage E and Coverage F

Our obligation to pay “privacy crisis management expenses” or “cyber extortion expenses” on your behalf applies only to the amount of such expense in excess of any deductible amount shown in the above schedule. This deductible applies to each occurrence of a “privacy event” or a “cyber extortion threat” event.

14. Your Right to Claim Information

Upon request, we will provide the first Named Insured shown in the Declarations the following information relating to this and any preceding coverage part we have issued to you during the previous three years:

- a.** A list or other record of each “electronic information security event” or “privacy event”, not previously reported to any other insurer, of which we were notified in accordance with Paragraph **2.a.** or Paragraph **12.** of this section. We will include the date and a brief description of such “electronic information security event” or “privacy event” if that information was in the notice we received.
- b.** A summary, by policy year, of payments made and amounts reserved.

Amounts reserved are based on our judgment. They are subject to change and should not be regarded as ultimate settlement values. You must not disclose this information to any claimant or any claimant's representative without our consent.

We compile claim and related information for our own business purposes and exercise reasonable care in doing so. In providing this information to the first Named Insured, we make no representations or warranties to insureds, insurers, or others to whom this information is furnished by or on behalf of any insured. Cancellation or non-renewal will be effective even if we inadvertently provide inaccurate information.

- 3.** For the purposes of the coverage provided by Coverage **D**, Coverage **E** and Coverage **F** of this endorsement the following is added to Condition **5.** Other Insurance:

However, if the insured has another policy, coverage part or endorsement issued by us or one of our affiliated companies that applies to a loss or expense we cover under this Cyber Liability And Privacy Crisis Management Expense endorsement, the most we will pay in total is the single largest applicable limit. This does not apply to a policy bought specifically to apply in excess of this policy.

E. EXTENDED REPORTING PERIODS – Applicable to Coverage D – Cyber Liability and Coverage E – Privacy Crisis Management Expense

- 1.** We will provide one or more Extended Reporting Periods, as described in items **3.** and **4.** below, if:
 - a.** The policy or coverage part to which this endorsement is attached is cancelled or not renewed;
 - b.** This endorsement is removed; or
 - c.** We renew or replace this endorsement with insurance that does not apply to an “electronic information security event” and/or a “privacy event” on a first discovered and reported basis.
- 2.** Extended Reporting Periods do not extend the policy period or change the scope of coverage provided. They apply only to:
 - a.** “Claims” arising out of an “electronic information security event”; or
 - b.** “Privacy crisis management expenses” incurred as a result of a “privacy event”;that is caused by an act, error or omission that occurred on or after the Cyber Liability Retroactive Date or Privacy Crisis Management Expense Retroactive Date, as applicable, and before the end of the policy period.

Once in effect, Extended Reporting Periods may not be cancelled.

3. A Basic Extended Reporting Period is automatically provided without additional charge. This period starts with the end of the policy period and lasts for sixty days.

The Basic Extended Reporting Period does not apply to “electronic information security events” and/or “privacy events” that are covered under any subsequent insurance you purchase, or that would be covered but for exhaustion of the amount of insurance applicable to such “electronic information security events” and/or “privacy events”.

A Basic Extended Reporting Period does not reinstate or increase the Limit of Insurance.

4. A Supplemental Extended Reporting Period of five years is available, but only by an endorsement and for an extra charge. This supplemental period starts when the Basic Extended Reporting Period ends.

You must give us a written request for the endorsement within 60 days after the end of the policy period. The Supplemental Extended Reporting Period will not go into effect unless you pay the additional premium promptly when due.

We will determine the additional premium in accordance with our rules and rates. In doing so, we will take into account the following:

- a. The exposures insured;
- b. Previous types and amounts of insurance;
- c. Limit of Insurance available under this coverage; and
- d. Other related factors.

The additional premium will not exceed 200% of the annual premium for this coverage.

This endorsement shall set forth the terms, not inconsistent with this section, applicable to the Supplemental Extended Reporting Period, including a provision to the effect that the insurance afforded for “electronic information security events” and/or “privacy events” first discovered during such period is excess over any other valid and collectible insurance available under policies in force after the Supplemental Extended Reporting Period starts.

5. If this Supplemental Extended Reporting Period is in effect, we will provide the separate Aggregate Limit of Insurance described below, but only for “electronic information security events” first discovered during the Supplemental Extended Reporting Period.

The separate Aggregate Limit of Insurance will be equal to the dollar amount shown in the Declarations in effect at the end of the policy period for the Aggregate Limit. The applicable Cyber Liability Each Event Limit will continue to apply.

If there is a Supplemental Extended Reporting Period in force for any other coverage under this policy that was subject to the original Aggregate Limit, this separate Aggregate Limit is shared with that other coverage. Any payments made under a Supplemental Extended Reporting Period for those other coverages will reduce this separate Aggregate Limit.

6. If this Supplemental Extended Reporting Period is in effect, we will provide the separate Privacy Crisis Management Expense Aggregate Limit of Insurance described below, but only for “privacy events” first discovered during the Supplemental Extended Reporting Period.

The separate Privacy Crisis Management Expense Aggregate Limit will be equal to the dollar amount shown in the Schedule in effect at the end of the policy period for the Privacy Crisis Management Expense Aggregate Limit. The applicable Privacy Crisis Management Expense Each Event Limit will continue to apply.

F. DEFINITIONS

For the purposes of the coverage provided by this endorsement, the following changes are made to **Section VIII. Definitions**:

1. The following definition is amended:

Definition **25**. “wrongful act” is amended to include the following:

“Wrongful act” also means an “electronic information security event”.

2. The following definitions are replaced:

- a. Definition **4**. “coverage territory” is replaced by the following:

4. “Coverage territory” means worldwide, but the “electronic information security event”, “privacy event” or “cyber extortion threat” must take place in the United States of America (including its territories and possessions), Puerto Rico or Canada.

- b. Definition **18**. “property damage” is replaced by the following:

18. “Property damage” means:

- a. Physical injury to tangible property, including all resulting loss of use of that property; and
- b. Loss of use of tangible property that is not physically injured but results from **a.** above.

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

3. The following definitions are added:

- a. “Computer system” means the following:

- (1) Computers, including Personal Digital Assistants (PDAs) and other transportable or hand held devices, electronic storage devices and related peripheral components;
- (2) Systems and applications software; and
- (3) Communications networks (including the internet, intranets, extranets, virtual private networks, or cloud computing environments) to the extent used by the items in (1) and (2) above;

by which “electronic data” is collected, transmitted, processed, stored or retrieved; and

- (4) “Computer system” includes “electronic data” that is

- (a) Stored on any of the items described in item (1) above; or
- (b) Temporarily outside of the “computer system” for use by an insured or any employee of an entity that has such information under a formal agreement with you.

- b. “Confidential corporate information” means any commercial trade secret, data, design, interpretation, forecast, formula, method, practice, process record, report or other item of information of a non-insured third party, and which is:

- (1) In your care, custody or control;
- (2) Not available to the general public; and
- (3) (a) Provided to you under a mutually agreed upon written confidentiality/non-disclosure agreement; or
- (b) Marked confidential or otherwise specifically designated in writing as confidential by such third party.

- c. “Corporate privacy event” means:

- (1) Unauthorized disclosure by you of “confidential corporate information” or your failure to protect “confidential corporate information” from misappropriation;
- (2) Failure by you to disclose or warn of an actual or potential disclosure or misappropriation of “confidential corporate information”, but only if this policy applies to such disclosure or misappropriation and it resulted directly from (1) above; or
- (3) Violation of any federal or state privacy statute addressing disclosure or misappropriation of “confidential corporate information”, but only if:

- (a) This policy applies to such disclosure or misappropriation and it resulted directly from (1) or (2) above; and
 - (b) The violation is not willful.
- d. "Cyber extortion expenses" means:
 - (1) The reasonable and necessary expenses paid by you in response to a "cyber extortion threat" to the party that made the "cyber extortion threat" for the purposes of eliminating the "cyber extortion threat"; and
 - (2) The expense you incur to complete the mandatory transaction in (1).
- e. "Cyber extortion threat" means a demand for monetary payment from you based on a credible threat, or series of related credible threats to:
 - (1) Launch a denial of service attack against your "computer system" for the purpose of denying you or authorized third party users access to your services provided through the "computer system" via the internet. A denial of service attack which affects the internet at large and prevents access by you or authorized third party users to your services provided through the "computer system" is not a "cyber extortion threat";
 - (2) Gain access to your "computer system" and use that access to steal, release or publish "personally identifiable information", or "confidential corporate information";
 - (3) Alter, damage or destroy "electronic data" that is stored within your "computer system";
 - (4) Launch a computer attack against your "computer system" in order to alter, damage or destroy "electronic data" while such "electronic data" is stored within your "computer system"; or
 - (5) Cause you to transfer, pay or deliver any funds or property using a "computer system" without your authorization.

"Cyber extortion threat" does not mean or include any threat made in connection with a legitimate commercial dispute.
- f. "Electronic data" means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.
- g. "Electronic information security event" means:
 - (1) Transmission of malware from your "computer system" to a third party;
 - (2) The inability of an authorized user to access your web site or your "computer system" because of a denial of service attack;
 - (3) A "personal identity event", but this is limited to information that is obtained or released directly from:
 - (a) Your "computer system", or
 - (b) The "computer system" of an entity that has such information under a formal agreement with you; or
 - (4) A "corporate privacy event", but this is limited to information that is obtained or released directly from your "computer system".

As used in this definition, a denial of service attack means an intentional attack directly on your "computer system" that prevents or slows down access to your web site or your computer network. However, a denial of service attack which affects the internet at large and is not directed at your "computer system" is not an "electronic information security event".
- h. "Personally identifiable information" means any of the following in your care, custody or control:

- (1) Information from which an individual may be uniquely and reliably identified or contacted, including an individual's name, telephone number, social security number, drivers license number, state identification number, account relationships, account numbers, account balances, account histories, access codes, and passwords;
 - (2) Information concerning an individual that would be considered nonpublic personal information within the meaning of Title V of the Gramm-Leach Bliley Act of 1999 as implemented and amended; and
 - (3) Information concerning an individual that would be considered protected health information within the Health Insurance Portability and Accountability Act of 1996 as implemented and amended.
- i. "Personal identity event" means:
 - (1) Unauthorized disclosure by you of "personally identifiable information" or your failure to protect "personally identifiable information" from misappropriation.
 - (2) Failure by you to disclose or warn of an actual or potential disclosure or misappropriation of "personally identifiable information", but only if this policy applies to such disclosure or misappropriation and it resulted directly from (1) above; or
 - (3) Violation of any federal or state privacy statute addressing disclosure or misappropriation of "personally identifiable information", but only if:
 - (a) This policy applies to such disclosure or misappropriation and it resulted directly from (1) or (2) above; and
 - (b) The violation is not willful.
 - j. "Privacy crisis management expense" means:
 - (1) Reasonable and necessary fees and expenses for:
 - (a) **Computer Forensic Analysis**
An approved outside vendor to conduct a computer forensic analysis with reasonable allocation of time and resources to investigate your "computer system" to determine the cause and extent of the "privacy event";
 - (b) **Crisis Management Review and Advice**
The approved crisis management or legal firm to review the "privacy event" and advise you on the appropriate response;
 - (c) **Travel Expenses**
Travel by directors, "executive officers", partners, or "employees" of the insured, that is done to mitigate the damage from the "privacy event";
 - (d) **Notification to Affected Parties**
Printing, advertising, mailing of materials or other costs to provide notice to affected parties of the "privacy event" for the purposes of maintaining goodwill or compliance with any notification requirements imposed by law; and
 - (e) **Services for Individuals Affected by Personal Identity Event**
The following services provided to any individual whose personal identification is the subject of a "personal identity event", but only if the primary purpose of such services is mitigating the effect of the "personal identity event":
 - (i) **Call Center Services**
Reasonable fees and expenses to establish, maintain and provide call center services;
 - (ii) **Credit Monitoring Services**
Credit file monitoring services; or
 - (iii) **Other Services**

Reasonable fees and expenses for any other service specifically approved by us in writing.

- (2)** However, “privacy crisis management expenses” shall not include:
 - (a)** Compensation, fees, benefits or overhead of any insured or “employee” of any insured;
 - (b)** Costs or expenses that would have been incurred in the absence of the “privacy event”;
 - (c)** Costs or expenses associated with upgrading, maintaining, improving, repairing or remediating any “computer system” as a result of a “privacy event”; or
 - (d)** Costs or expenses associated with upgrading, maintaining, improving, repairing or remediating any procedures, services or property as a result of a “privacy event”.
- k.** “Privacy event” means any one of the following events:
 - (1)** A “corporate privacy event”; or
 - (2)** A “personal identity event”.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KENTUCKY CHANGES - YOUR RIGHT TO CLAIM INFORMATION

This endorsement modifies insurance provided under the following:

PUBLIC OFFICIALS AND MANAGEMENT LIABILITY COVERAGE PART (CLAIMS MADE)
PUBLIC OFFICIALS AND MANAGEMENT LIABILITY COVERAGE PART

- A. Paragraph 10. Your Right To Claim Information** of Section VI – Conditions of GML101, Public Officials And Management Liability Coverage Form (Claims Made), is replaced by the following:

10. Your Right To Claim Information

- a. If we receive a written request from an insured or our agent we will provide that insured or agent the following information relating to this and any preceding coverage part we have issued to you during the previous five years:

(1) A list or other record of each “wrongful act” or other offense not previously reported to any other insurer, of which we were notified in accordance with Paragraph 2.a. or Paragraph 3.a. of this section. We will include the date and a brief description of such “wrongful act” or offense if that information was in the notice we received.

(2) A summary by policy year, of payments made and amounts reserved.

Amounts reserved are based on our judgment. They are subject to change and should not be regarded as ultimate settlement values. You must not disclose this information to any claimant or any claimant’s representative without our consent.

We will provide this information to the insured or our agent within 20 days of receipt of the written request.

We compile claim and related information for our own business purposes and exercise reasonable care in doing so. In providing this information to the insured or our agent, we make no representations or warranties to insureds, insurers, or others to whom this information is furnished by or on behalf of any insured. Cancellation or non-renewal will be effective even if we inadvertently provide inaccurate information.

- b. If Paragraph a. does not apply and we cancel or elect not to renew this coverage part, we will provide the first Named Insured shown in the Declarations the following information relating to this and any preceding coverage part we have issued to you during the previous three years:

(1) A list or other record of each “wrongful act” not previously reported to any other insurer, of which we were notified in accordance with Paragraph 2.a. or Paragraph 3.a. of this section. We will include the date and brief description of the “wrongful act” if that information was in the notice we received.

(2) A summary by policy year, of payments made and amounts reserved.

Amounts reserved are based on our judgment. They are subject to change and should not be regarded as ultimate settlement values. You must not disclose this information to any claimant or any claimant’s representative without our consent.

We will provide such information no later than 30 days before the date of policy termination.

We compile claim and related information for our own business purposes and exercise reasonable care in doing so. In providing this information to the first Named Insured, we make no representations or warranties to insureds, insurers, or others to whom this information is furnished by or on behalf of any insured. Cancellation or non-renewal will be effective even if we inadvertently provide inaccurate information.

- B. When endorsement GML404, Cyber Liability And Privacy Crisis Management Expense, is attached to GML101, Public Officials And Management Liability Coverage Form (Claims Made) or GML102, Public Officials And Management Liability Coverage Form, Condition **14. Your Right To Claim Information** in GML404 is replaced by the following:

14. Your Right To Claim Information

- a. If we receive a written request from an insured or our agent we will provide that insured or agent the following information relating to this and any preceding Cyber Liability endorsement we have issued to you during the previous five years:

(1) A list or other record of each “electronic information security event” or “privacy event”, not previously reported to any other insurer, of which we were notified in accordance with Paragraph 2.a. or Paragraph 12. of this section. We will include the date and a brief description of such “electronic information security event” or “privacy event” if that information was in the notice we received.

(2) A summary by policy year, of payments made and amounts reserved.

Amounts reserved are based on our judgment. They are subject to change and should not be regarded as ultimate settlement values. You must not disclose this information to any claimant or any claimant’s representative without our consent.

We will provide this information to the insured or our agent within 20 days of receipt of the written request.

We compile claim and related information for our own business purposes and exercise reasonable care in doing so. In providing this information to the insured or our agent, we make no representations or warranties to insureds, insurers, or others to whom this information is furnished by or on behalf of any insured. Cancellation or non-renewal will be effective even if we inadvertently provide inaccurate information.

- b. If Paragraph a. does not apply and we cancel or elect not to renew this coverage part, we will provide the first Named Insured shown in the Declarations the following information relating to this and any preceding Cyber Liability endorsement we have issued to you during the previous three years:

(1) A list or other record of each “electronic information security event” or “privacy event” not previously reported to any other insurer, of which we were notified in accordance with Paragraph 2.a. or Paragraph 12. of this section. We will include the date and brief description of the “electronic information security event” or “privacy event” if that information was in the notice we received.

(2) A summary by policy year, of payments made and amounts reserved.

Amounts reserved are based on our judgment. They are subject to change and should not be regarded as ultimate settlement values. You must not disclose this information to any claimant or any claimant’s representative without our consent.

We will provide such information no later than 30 days before the date of policy termination.

We compile claim and related information for our own business purposes and exercise reasonable care in doing so. In providing this information to the first Named Insured, we make no representations or warranties to insureds, insurers, or others to whom this information is furnished by or on behalf of any insured. Cancellation or non-renewal will be effective even if we inadvertently provide inaccurate information.

Named Insured:
NICHOLAS COUNTY WATER DISTRICT

Policy Number: GPNU-PF-0002291-00/000
Policy Period: From 01-03-2020
To 01-03-2021

COMMERCIAL EXCESS LIABILITY COVERAGE PART DECLARATIONS

Limits of Insurance

| | |
|---|--------------|
| Each Occurrence Limit | \$ 1,000,000 |
| Products - Completed Operations Aggregate Limit (where applicable) | \$ 1,000,000 |
| Aggregate Limit | \$ 1,000,000 |

Retroactive Date
(applicable to Claims Made coverages)

See Schedule of Controlling
Underlying Insurance

| | | |
|----------------------------------|----|----------|
| Estimated Coverage Part Premium: | \$ | 1,226.00 |
| Taxes, Fees and Surcharges: | \$ | 22.07 |
| Total Premium: | \$ | 1,248.07 |

Commercial Excess Liability Forms

See Schedule of Forms and Endorsements.

This coverage part consists of these declarations, the schedule of controlling underlying insurance, the schedule of forms and endorsements, and any forms and endorsements we may later attach to reflect changes.

Named Insured:
NICHOLAS COUNTY WATER DISTRICT

Policy Number: GPNU-PF-0002291-00/000
Policy Period: From 01-03-2020
To 01-03-2021

SCHEDULE OF CONTROLLING UNDERLYING INSURANCE

Controlling Underlying Insurer

Type of Coverage

Limits of Insurance

Automobile Liability

Name:
NATIONAL UNION FIRE INS. CO. OF PITTSBURGH, P

Policy Number:
GPNUPF0002291-00

Policy Period:
01/03/2020 to 01/03/2021

Bodily Injury Liability – Each Person
Bodily Injury Liability – Each Accident

Property Damage Liability – Each Accident

or
\$1,000,000 Combined Single Limit

General Liability

Name:
NATIONAL UNION FIRE INS. CO. OF PITTSBURGH, P

Policy Number:
GPNUPF0002291-00

Policy Period:
01/03/2020 to 01/03/2021

\$1,000,000 Each Occurrence
\$1,000,000 Personal & Advertising Injury
\$3,000,000 General Aggregate
\$3,000,000 Products–Completed Operations Aggregate

Occurrence
 Claims Made

Public Officials and Management Liability

Name:
NATIONAL UNION FIRE INS. CO. OF PITTSBURGH, P

Policy Number:
GPNUPF0002291-00

Policy Period:
01/03/2020 to 01/03/2021

\$1,000,000 Each Wrongful Act or Offense

\$3,000,000 Aggregate

Retroactive Date

Occurrence
 Claims Made

COMMERCIAL EXCESS LIABILITY COVERAGE FORM

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

Throughout this policy the words “you” and “your” refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words “we”, “us” and “our” refer to the company providing this insurance. The word “insured” means any person or organization qualifying as such under the “controlling underlying insurance”.

Other words and phrases that appear in quotation marks in this Coverage Part have special meaning. Refer to Section IV – Definitions. Other words and phrases that are not defined under this Coverage Part but defined in the “controlling underlying insurance” will have the meaning described in the policy of “controlling underlying insurance”.

The insurance provided under this Coverage Part will follow the same provisions, exclusions and limitations that are contained in the applicable “controlling underlying insurance”, unless otherwise directed by this insurance. To the extent such provisions differ or conflict, the provisions of this Coverage Part will apply. However, the coverage provided under this Coverage Part will not be broader than that provided by the applicable “controlling underlying insurance”.

There may be more than one “controlling underlying insurance” listed in the Declarations and provisions in those policies conflict, and which are not superseded by the provisions of this Coverage Part. In such a case, the provisions, exclusions and limitations of the “controlling underlying insurance” applicable to the particular “event” for which a claim is made or suit is brought will apply.

SECTION I – COVERAGES

1. Insuring Agreement

- a. We will pay on behalf of the insured the “ultimate net loss” in excess of the “retained limit” because of “injury or damage” to which insurance provided under this Coverage Part applies.

We will have the right and duty to defend the insured against any suit seeking damages for such “injury or damage” when the applicable limits of “controlling underlying insurance” have been exhausted in accordance with the provisions of such “controlling underlying insurance”.

When we have no duty to defend, we will have the right to defend, or to participate in the defense of, the insured against any other suit seeking damages for “injury or damage”.

However, we will have no duty to defend the insured against any suit seeking damages for which insurance under this policy does not apply.

At our discretion, we may investigate any “event” that may involve this insurance and settle any resultant claim or suit, for which we have the duty to defend.

But:

- (1) The amount we will pay for “ultimate net loss” is limited as described in Section II – Limits Of Insurance; and
 - (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under this Coverage Part. However, if the policy of “controlling underlying insurance” specifies that limits are reduced by defense expenses, our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of defense expenses, judgments or settlements under this Coverage Part.
- b. This insurance applies to “injury or damage” that is subject to an applicable “retained limit”. If any other limit, such as, a sublimit, is specified in the “controlling underlying insurance”, this insurance does not apply to “injury or damage” arising out of that exposure unless that limit is specified in the Declarations under the Schedule of “controlling underlying insurance”.
 - c. If the “controlling underlying insurance” requires, for a particular claim, that the “injury or damage” occur during its policy period in order for that coverage to apply, then this insurance will only apply to that “injury or damage” if it occurs during the policy period of this Coverage Part. If the “controlling underlying insurance” requires that the “event” causing the particular “injury or damage” takes place during its policy period in order for that coverage to apply, then this insurance will apply to the claim only if the “event” causing that “injury or damage” takes place during the policy period of this Coverage Part.

- d. Any additional insured under any policy of “controlling underlying insurance” will automatically be an additional insured under this insurance. If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance required by the contract, less any amounts payable by any “controlling underlying insurance”.

Additional insured coverage provided by this insurance will not be broader than coverage provided by the “controlling underlying insurance”.

2. Exclusions

The following exclusions, and any other exclusions added by endorsement, apply to this Coverage Part. In addition, the exclusions applicable to any “controlling underlying insurance” apply to this insurance unless superseded by the following exclusions, or superseded by any other exclusions added by endorsement to this Coverage Part.

Insurance provided under this Coverage Part does not apply to:

a. Medical Payments

Medical payments coverage or expenses that are provided without regard to fault, whether or not provided by the applicable “controlling underlying insurance”.

b. Auto

Any loss, cost or expense payable under or resulting from any of the following auto coverages:

- (1) First-party physical damage coverage;
- (2) No-fault coverage;
- (3) Personal injury protection or auto medical payments coverage; or
- (4) Uninsured or underinsured motorists coverage.

c. Pollution

- (1) “Injury or damage” 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, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants; or

- (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, pollutants.

This exclusion does not apply to the extent that valid “controlling underlying insurance” for the pollution liability risks described above exists or would have existed but for the exhaustion of underlying limits for “injury or damage”.

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.

SECTION II –LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations, and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or suits brought, or number of vehicles involved;
 - c. Persons or organizations making claims or bringing suits; or
 - d. Limits available under any “controlling underlying insurance”.
2. The Limits of Insurance of this Coverage Part will apply as follows:
 - a. This insurance only applies in excess of the “retained limit”.
 - b. The Aggregate Limit is the most we will pay for the sum of all “ultimate net loss”, for all “injury or damage” covered under this Coverage Part. However, this Aggregate Limit only applies to “injury or damage” that is subject to an aggregate limit of insurance under the “controlling underlying insurance”.
 - c. Subject to Paragraph 2.b. above, the Each Occurrence Limit is the most we will pay for the sum of all “ultimate net loss” under this insurance because of all “injury or damage” arising out of any one “event”.

d. If the Limits of Insurance of the “controlling underlying insurance” are reduced by defense expenses by the terms of that policy, any payments for defense expenses we make will reduce our applicable Limits of Insurance in the same manner.

3. If any “controlling underlying insurance” has a policy period that is different from the policy period of this Coverage Part then, for the purposes of this insurance, the “retained limit” will only be reduced or exhausted by payments made for “injury or damage” covered under this insurance.

The Aggregate Limit of this Coverage Part applies separately to each consecutive annual period of this Coverage Part and to any remaining period of this Coverage Part of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION III – CONDITIONS

The following conditions apply. In addition, the conditions applicable to any “controlling underlying insurance” are also applicable to the coverage provided under this insurance unless superseded by the following conditions.

1. Appeals

If the “controlling underlying insurer” or insured elects not to appeal a judgment in excess of the amount of the “retained limit”, we may do so at our own expense. We will also pay for taxable court costs, pre- and postjudgment interest and disbursements associated with such appeal. In no event will this provision increase our liability beyond the applicable Limits of Insurance described in Section II – Limits Of Insurance.

2. Bankruptcy

a. Bankruptcy Of Insured

Bankruptcy or insolvency of the insured or of the insured’s estate will not relieve us of our obligations under this Coverage Part.

b. Bankruptcy Of Controlling Underlying Insurer

Bankruptcy or insolvency of the “controlling underlying insurer” will not relieve us of our obligations under this Coverage Part.

However, insurance provided under this Coverage Part will not replace any “controlling underlying insurance” in the event of bankruptcy or insolvency of the “controlling underlying insurer”. The insurance provided under this Coverage Part will apply as if the “controlling underlying insurance” were in full effect and recoverable.

3. Duties In The Event Of An Event, Claim Or Suit

a. You must see to it that we are notified as soon as practicable of an “event”, regardless of the amount, which may result in a claim under this insurance. To the extent possible, notice should include:

- (1) How, when and where the “event” took place;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any “injury or damage” arising out of the “event”.

b. If a claim is made or suit is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or suit and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or suit as soon as practicable.

c. You and any other insured involved must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or suit;
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation or settlement of the claim or defense against the suit; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of “injury or damage” to which this insurance may also apply.

d. No insured will, except at that insured’s own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

4. First Named Insured Duties

The first Named Insured is the person or organization first named in the Declarations and is responsible for the payment of all premiums. The first Named Insured will act on behalf of all other Named Insureds for giving and receiving of notice of cancellation or the receipt of any return premium that may become payable.

At our request, the first Named Insured will furnish us, as soon as practicable, with a complete copy of any "controlling underlying insurance" and any subsequently issued endorsements or policies which may in any way affect the insurance provided under this Coverage Part.

5. Cancellation

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

6. Changes

This Coverage Part contains all the agreements between you and us concerning the insurance afforded. The first Named Insured is authorized by all other insureds to make changes in the terms of this Coverage Part with our consent. This Coverage Part's terms can be amended or waived only by endorsement.

7. Maintenance Of/Changes To Controlling Underlying Insurance

Any "controlling underlying insurance" must be maintained in full effect without reduction of coverage or limits except for the reduction of aggregate limits in accordance with the provisions of such "controlling underlying insurance" that results from "injury or damage" to which this insurance applies.

Such exhaustion or reduction is not a failure to maintain "controlling underlying insurance". Failure to maintain "controlling underlying insurance" will not invalidate insurance provided under this Coverage Part, but insurance provided under this Coverage Part will apply as if the "controlling underlying insurance" were in full effect.

The first Named Insured must notify us in writing, as soon as practicable, if any "controlling underlying insurance" is cancelled, not renewed, replaced or otherwise terminated, or if the limits or scope of coverage of any "controlling underlying insurance" is changed.

8. Other Insurance

a. This insurance is excess over, and shall not contribute with any of the other insurance, whether primary, excess, contingent or on any other basis. This condition will not apply to insurance specifically written as excess over this Coverage Part.

When this insurance is excess, if no other insurer defends, we may undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

b. When this insurance is excess over other insurance, we will pay only our share of the "ultimate net loss" that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of the insurance provided under this Coverage Part; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

9. Premium Audit

a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.

b. If this policy is auditable, the premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period, we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit premium is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.

c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

10. Loss Payable

Liability under this Coverage Part does not apply to a given claim unless and until:

- a. The insured or insured's "controlling underlying insurer" has become obligated to pay the "retained limit"; and
- b. The obligation of the insured to pay the "ultimate net loss" in excess of the "retained limit" has been determined by a final settlement or judgment or written agreement among the insured, claimant, "controlling underlying insurer" (or a representative of one or more of these) and us.

11. Legal Action Against Us

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

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

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured, "controlling underlying insurer" and the claimant or the claimant's legal representative.

12. Transfer Of Defense

a. Defense Transferred To Us

When the limits of "controlling underlying insurance" have been exhausted, in accordance with the provisions of "controlling underlying insurance", we may elect to have the defense transferred to us. We will cooperate in the transfer of control to us of any outstanding claims or suits seeking damages to which this insurance applies and which would have been covered by the "controlling underlying insurance" had the applicable limit not been exhausted.

b. Defense Transferred By Us

When our limits of insurance have been exhausted our duty to provide a defense will cease.

We will cooperate in the transfer of control of defense to any insurer specifically written as excess over this Coverage Part of any outstanding claims or suits seeking damages to which this insurance applies and which would have been covered by the "controlling underlying insurance" had the applicable limit not been exhausted.

In the event that there is no insurance written as excess over this Coverage Part, we will cooperate in the transfer of control to the insured and its designated representative.

13. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

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

SECTION IV – DEFINITIONS

The definitions applicable to any "controlling underlying insurance" also apply to this insurance. In addition, the following definitions apply.

1. "Controlling underlying insurance" means any policy of insurance or self-insurance listed in the Declarations under the Schedule of "controlling underlying insurance".
2. "Controlling underlying insurer" means any insurer who provides any policy of insurance listed in the Declarations under the Schedule of "controlling underlying insurance".
3. "Event" means an occurrence, offense, accident, act, or other event, to which the applicable "controlling underlying insurance" applies.
4. "Injury or damage" means any injury or damage, covered in the applicable "controlling underlying insurance" arising from an "event".
5. "Retained limit" means the available limits of "controlling underlying insurance" applicable to the claim.
6. "Ultimate net loss" means the total sum, after reduction for recoveries, or salvages collectible, that the insured becomes legally obligated to pay as damages by reason of:
 - a. Settlements, judgments, binding arbitration; or
 - b. Other binding alternate dispute resolution proceeding entered into with our consent.

"Ultimate net loss" includes defense expenses if the "controlling underlying insurance" specifies that limits are reduced by defense expenses.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KENTUCKY CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

COMMERCIAL EXCESS LIABILITY COVERAGE PART

A. Paragraph 5. Cancellation of Section III – Conditions is amended as follows:

1. Paragraph **b.** is replaced by the following:

b. Cancellation Of Policies In Effect For 60 Days Or Less

If this policy has been in effect for 60 days or less, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, stating the reason for cancellation, at least 14 days before the effective date of cancellation.

2. The following paragraph is added:

Cancellation Of Policies In Effect For More Than 60 Days

a. If this policy has been in effect for more than 60 days or is a renewal of a policy we issued, we may cancel this policy only 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

(7) A determination by the commissioner that the continuation of the policy would place us in violation of the Kentucky insurance code or regulations of the commissioner.

b. If we cancel this policy based on Paragraph **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 **a.(2)** through **a.(7)** above.

B. Paragraph 13. When We Do Not Renew of Section III – Conditions is replaced by the following:
NONRENEWAL

1. For the purpose of this Condition:

- a. Any policy period or term of less than six months shall be considered to be a policy period or term of six months; and
- b. Any policy period or term of more than one year or any policy with no fixed expiration date shall be considered a policy period or term of one year.

2. 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 shown in the Declarations, at the last mailing address known to us, at least 75 days before the expiration date of the policy period.

3. 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.

4. If we mail or deliver a renewal notice to the first Named Insured at least 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.
5. If this policy terminates because the renewal premium has not been received by the due date, we will, within 15 days, mail or deliver to the first Named Insured at his last known address a notice that the policy was not renewed and the date it was terminated.
6. If notice is mailed, proof of mailing is sufficient proof of notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT (BROAD FORM)

This endorsement modifies insurance provided under the following:

COMMERCIAL EXCESS LIABILITY COVERAGE PART

The following exclusion is added to Paragraph 2.,
Exclusions:

2. Exclusions

NUCLEAR ENERGY LIABILITY

a. Under any Liability Coverage, to "injury or damage":

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

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

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

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

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

(3) The "injury or 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.

c. As used in this endorsement:

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

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

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

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

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

“Nuclear facility” means:

- (a) Any “nuclear reactor”;
- (b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing “spent fuel”, or (3) handling, processing or packaging “waste”;
- (c) Any equipment or device used for the processing, fabricating or alloying of “special nuclear material” if at any time the total amount of such material in the custody of the “insured” at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
- (d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of “waste”;

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

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

“Injury or damage” includes all forms of radioactive contamination of property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

COMMERCIAL EXCESS LIABILITY COVERAGE PART

- A.** Any endorsement addressing acts of terrorism (however defined) in any "controlling underlying insurance" does not apply to this excess insurance. The following provisions addressing acts of terrorism apply with respect to this excess insurance:

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

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

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
 2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
- B.** The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for "injury or damage" that is otherwise excluded under this Coverage Part.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

UNDERLYING CLAIMS-MADE COVERAGE

This endorsement modifies insurance provided under the following:

COMMERCIAL EXCESS LIABILITY COVERAGE PART

SCHEDULE

| |
|---|
| <p>Retroactive Date:</p> <p>(Enter Date Or "NONE" If No Retroactive Date Applies.)</p> |
| <p>Information required to complete this Schedule, if not shown above, will be shown in the Declarations.</p> |

If any "controlling underlying insurance" is written on a claims-made basis, the following applies to the insurance provided by this Coverage Part which is excess over that underlying insurance:

A. Paragraph 1.c. under Section I – Coverages is replaced by the following:

If the "controlling underlying insurance" requires, for a particular claim, that the "injury or damage" occur on or after the Retroactive Date shown in the Declarations of that insurance in order for that coverage to apply, then this insurance will only apply to that "injury or damage" which occurs on or after the Retroactive Date shown in the Schedule of this endorsement but before the end of the policy period of this Coverage Part. If the "controlling underlying insurance" requires, for a particular claim, that the "event" causing the particular "injury or damage" takes place on or after the Retroactive Date shown in the Declarations of that insurance in order for that coverage to apply, then this insurance will apply to the claim only if the "event" causing that "injury or damage" takes place on or after the Retroactive Date shown in the Schedule of this endorsement but before the end of the policy period of this Coverage Part.

A claim for damages for such "injury or damage" must be first made against the insured during this policy period or any extended reporting period provided under this Coverage Part. A claim will be considered first made under this Coverage Part:

(1) When notice of such claim is received and recorded by any insured or by us, whichever comes first, if the "controlling underlying insurance" is written on a claims-made and recorded basis; or

(2) When notice of such claim, after being received by any insured, is reported to us in writing, if the "controlling underlying insurance" is written on any other claims-made basis.

B. The following is added to Section II – Limits Of Insurance:

The "retained limit" will only be reduced or exhausted by payments of claims, or defense expenses if the limits of "controlling underlying insurance" are reduced by defense expenses for that insurance, that are made during the policy period, or any Extended Reporting Period, of this Coverage Part.

C. The following Section is added:

CLAIMS-MADE EXTENDED REPORTING PERIOD

1. Any provisions under the "controlling underlying insurance" relating to an Extended Reporting Period for which a separate premium charge is made do not apply to this insurance, unless an Extended Reporting Period is purchased under this insurance.

2. An Extended Reporting Period, consistent with the terms, conditions and duration of any Extended Reporting Period available in accordance with the terms of any "controlling underlying insurance", will be available for this Coverage Part by endorsement, for an additional charge, if:

- a. This policy is cancelled or not renewed; or
- b. This policy is renewed or replaced with insurance that:

(1) Has a Retroactive Date later than the date shown in the Schedule of this endorsement; or

- (2) Does not apply to "injury or damage" on a claims-made basis.
3. If this policy and the "controlling underlying insurance" are cancelled or not renewed and an Extended Reporting Period has been provided under the "controlling underlying insurance", then an Extended Reporting Period will be available for this Coverage Part. The Extended Reporting Period available under this Coverage Part will be consistent with the terms, conditions and duration of any Extended Reporting Period provided in accordance with the terms of the "controlling underlying insurance".
 4. You must give us a written request for the Extended Reporting Period endorsement under this Coverage Part no later than the time allowed to purchase such endorsement under the "controlling underlying insurance". The Extended Reporting Period will not go into effect unless you pay the additional premium promptly when due.
 5. We will determine the additional premium in accordance with our rules and rates. In doing so, we may take into account the following:
 - a. The exposures insured;
 - b. Previous types and amounts of insurance;
 - c. Limits of Insurance available under this policy for future payment of damages; and
 - d. Other related factors.
 6. If the provisions of the Extended Reporting Period in any "controlling underlying insurance" provide for supplemental aggregate limits of insurance when the Extended Reporting Period is purchased, a supplementary aggregate limit of insurance, equal to the Aggregate Limit shown in the Declarations of this Coverage Part, will apply to claims first made during the Extended Reporting Period if the Extended Reporting Period is purchased for this insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SUBLIMITED COVERAGES ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL EXCESS LIABILITY COVERAGE PART

The following is added to Paragraph **1.b.** under **Insuring Agreement** in **Section I – Coverages**:

As described in Paragraph **1.b.**, any limits or sublimits of insurance must be:

- (1)** Specifically listed under the Schedule of "controlling underlying insurance"; or
- (2)** Subject to the applicable available limits of "controlling underlying insurance" listed under the Schedule of "controlling underlying insurance";

in order for this insurance to apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ERISA EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL EXCESS LIABILITY COVERAGE PART

The following exclusion is added to Paragraph **2. Exclusions** of **Section I - Coverages**:

This insurance does not apply to any "injury or damage" arising out of or associated with any obligation of the insured under the Employee Retirement Income Security Act of 1974 (ERISA), and any amendments thereto or any similar federal, state or local statute.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PRODUCTS-COMPLETED OPERATIONS AGGREGATE LIMIT OF INSURANCE

This endorsement modifies insurance provided under the following:

COMMERCIAL EXCESS LIABILITY COVERAGE PART

SCHEDULE

| |
|---|
| Products-completed Operations Aggregate Limit: |
|---|

| |
|--|
| Information required to complete this Schedule, if not shown above, will be shown in the Declarations. |
|--|

Section II – Limits Of Insurance is replaced by the following:

1. The Limits of Insurance shown in the Declarations, and the Schedule of this endorsement, and the following rules fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or suits brought, or number of vehicles involved;
 - c. Persons or organizations making claims or bringing suits; or
 - d. Limits available under any "controlling underlying insurance".
2. The Limits of Insurance will apply as follows:
 - a. This insurance only applies in excess of the "retained limit".
 - b. The Aggregate Limit is the most we will pay for the sum of all "ultimate net loss", for all "injury or damage" covered under this Coverage Part, except "ultimate net loss" because of "injury or damage":
 - (1) That is not subject to an aggregate limit of insurance under the "controlling underlying insurance"; or
 - (2) Included in the products-completed operations hazard.
 - c. The Products-completed Operations Aggregate Limit shown in the Schedule of this endorsement is the most we will pay for the sum of all "ultimate net loss" under this insurance because of all "injury or damage" included in a products-completed operations hazard.
 - d. Subject to Paragraph **b.** or **c.** of this endorsement, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of all "ultimate net loss" under this insurance because of all "injury or damage" arising out of any one "event".
 - e. If the Limits of Insurance of the "controlling underlying insurance" are reduced by defense expenses by the terms of that policy, any payments for defense expenses we make will reduce our applicable Limits of Insurance in the same manner.
3. If any "controlling underlying insurance" has a policy period that is different from the policy period of this Coverage Part then, for the purposes of this insurance, the "retained limit" will only be reduced or exhausted by payments made for "injury or damage" covered under this insurance.

The Aggregate Limits, as described in Paragraphs **b.** and **c.** above, apply separately to each consecutive annual period of this Coverage Part and to any remaining period of this Coverage Part of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

POLLUTION LIABILITY EXCLUSION – GLATFELTER PUBLIC PRACTICE

This endorsement modifies insurance provided under the following:

COMMERCIAL EXCESS LIABILITY COVERAGE PART

- I. Exclusion **c. Pollution** under Paragraph **2. Exclusions** of **Section I – Coverages** is deleted and replaced by the following:

This insurance does not apply to:

c. Pollution

- (1) Any professional liability or related defense costs and expenses arising out of the actual "discharge" of pollutants.
- (2) Any "injury or damage", loss, cost, expense, liability or legal obligation arising out of or in any way related to pollution, however caused. Pollution includes the actual, alleged, or potential presence in or introduction into the environment of any substance if such substance has, or is alleged to have, the effect of making the environment impure, harmful or dangerous. Environment includes any air, land, structure (or the air within), watercourse or other body of water, including underground water.

However, this exclusion does not apply to:

- (a) Bodily injury if sustained within a building which is or was at any time owned or occupied by, or rented or loaned to, any insured and is caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests.
- (b) Bodily injury or property damage arising out of heat, smoke or fumes from a hostile fire unless that hostile fire occurred or originated at:
 - (i) Any premises, site or location which is or was at any time used by any insured or others for the handling, storage, disposal, processing or treatment of waste; or
 - (ii) 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 except to the extent coverage is provided in Paragraph **c.(2)(c)** below.
- (c) Bodily injury or property damage which occurs as a result of your operations provided the bodily injury or property damage is not otherwise excluded in whole or part and arises out of the following:
 - (i) Potable water which you supply to others;
 - (ii) Chemicals you use in your water or wastewater treatment process;
 - (iii) Chemicals you use or store in your classrooms and laboratories;
 - (iv) Chemicals you use, apply or store for your ownership, maintenance, or operation of swimming pools;
 - (v) The use, application or storage of road salt or similar substances designed and used for snow and ice removal from road and similar surfaces;

- (vi) Natural gas or propane gas you use in your water or wastewater treatment process;
- (vii) Urgent response for the protection of property, human life, health or safety conducted away from premises owned by, rented to or regularly occupied by you;
- (viii) "Training operations" by you;
- (ix) Water runoff from the cleaning of equipment used in an "emergency service activity";
- (x) Storage and/or application of pesticides or herbicides if such storage and/or application meets all standards of any statute, ordinance, regulation or license requirement of any federal, state or local government; or
- (xi) Fuels, lubricants or other operating fluids needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of a covered auto or mobile equipment or its parts, but only if:
 - (a) The fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them; and
 - (b) The fuels, lubricants or other operating fluids are not:
 - (1) Intentionally "discharged"; or
 - (2) Brought on or to a premises, site or location with the intent to be "discharged" as part of the operations being performed by an insured, contractor or subcontractor.
- (d) Bodily injury or to property damage if such bodily injury or property damage is caused by the escape or back-up of sewage or wastewater from any sewage treatment facility or fixed conduit or piping that you own, operate, lease or control, or for which you have the right of way. The property damage must occur away from land you own or lease, to be covered.
- (e) Bodily injury or to property damage caused by an accident which occurs away from a premises owned by or rented to an insured with respect to pollutants not in or upon a covered auto if:
 - (i) 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
 - (ii) The "discharge" of the pollutants is caused directly by such upset, overturn or damage.

Paragraphs **c.(2)(c)** and **c.(2)(d)** of this exclusion only apply with respect to "short-term pollution events" and only if you notified us of the "short-term pollution event" as soon as practicable but no more than fourteen (14) days after its ending. The entirety of any "discharge" or series of related "discharges" will be deemed a single "discharge" regardless of the length of time over which the pollutants are released. The entirety of any "discharge" or series of related "discharges" will be deemed to have occurred only at the date the earliest "discharge" commenced.

- (3) Any loss, cost or expense arising out of any:
 - (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants; or
 - (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, pollutants.

However, this paragraph does not apply to liability for damages because of property damage that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or suit by or on behalf of a governmental authority.

II. For the purposes of this exclusion, the following definitions are added to Section IV – Definitions:

- (a) "Discharge" includes dispersal, seepage, migration, release or escape.
- (b) "Training operations" means activities used to prepare, train, or instruct members of a fire department, emergency medical services unit, or rescue squad in accepted and recognized emergency procedures, including municipal, state and federal standards.

- (c) "Emergency service activity" means:
- (1) All operations conducted by your firefighting, emergency medical services, or rescue squad units; and
 - (2) Which are sanctioned by you.

- (d) "Short-term pollution event" means a "discharge" of pollutants which:
- (1) Begins during the policy period;
 - (2) Begins at an identified time and place;
 - (3) Ends, in its entirety, at an identified time within forty-eight (48) hours of the beginning of the "discharge" of the pollutants; and
 - (4) Does not originate from an "underground storage tank", except for storage tanks used to hold or process water, wastewater or sewage.

To be a "short-term pollution event", the "discharge" of pollutants need not be continuous. However, if the "discharge" is not continuous, then all "discharges" of the same pollutants from essentially the same source, considered together, must satisfy Provisions (1) through (4) of this definition to be considered a "short-term pollution event".

- (e) "Underground storage tank" means any storage tank, including any attached pumps, valves or piping, buried below the surface of the ground or water, or which at any time, had been buried under the surface of the ground or water and then subsequently exposed by any means. For the purposes of this definition, buried means that at least 10% of it is below the surface of the ground or water.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

UNMANNED AIRCRAFT LIABILITY COVERAGE SUBLIMIT

This endorsement modifies insurance provided under the following:

COMMERCIAL EXCESS LIABILITY COVERAGE PART

SCHEDULE

| |
|--|
| Unmanned Aircraft Liability Each Occurrence Limit Of Insurance: |
|--|

| |
|--|
| Unmanned Aircraft Liability Aggregate Limit Of Insurance: |
|--|

| |
|--|
| Information required to complete this Schedule, if not shown above, will be shown in the Declarations. |
|--|

A. This insurance applies to "injury or damage" attributable to "unmanned aircraft" only to the extent that valid "controlling underlying insurance" for such "unmanned aircraft" exists or would have existed but for the exhaustion of underlying limits. Coverage provided will follow the provisions and exclusions of the applicable "controlling underlying insurance" unless otherwise directed by this insurance.

B. The following is added to **Section II – Limits Of Insurance:**

(1) The Unmanned Aircraft Liability Aggregate Limit of Insurance shown in the Schedule of this endorsement is the most we will pay for the sum of all "ultimate net loss" for all "injury or damage" attributable to "unmanned aircraft" covered under this Coverage Part.

(2) Subject to Paragraph **B.(1)** above, the Unmanned Aircraft Liability Each Occurrence Limit of Insurance shown in the Schedule of this endorsement is the most we will pay for the sum of all "ultimate net loss" under this insurance because of all "injury or damage" arising out of any one "event" attributable to "unmanned aircraft" covered under this Coverage Part.

The above described limits of insurance in paragraphs **B.(1)** and **B.(2)** are subject to, and not in addition to, the Aggregate Limit or Products-Completed Operations Aggregate Limit shown in the Declarations page of this policy. Any payments under the Unmanned Aircraft Liability Aggregate Limit of Insurance and Unmanned Aircraft Liability Each Occurrence Limit of Insurance will erode the Aggregate Limit or Products-Completed Operations Aggregate Limit.

C. The following definition is added to the **Section IV - Definitions:**

"Unmanned aircraft" means an aircraft weighing 15 pounds or less that is not:

1. Designed;
2. Manufactured; or
3. Modified after manufacture;

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

"Unmanned aircraft" includes equipment used with such "unmanned aircraft", provided such equipment is attached to or essential for its operation.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

POLICY CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL EXCESS LIABILITY COVERAGE PART

Effective Date of Change: 1/3/2020

Change Endorsement No.:

Named Insured: Nicholas County Water Dist

The following item(s):

- | | |
|---|---|
| <input type="checkbox"/> Insured's Name | <input type="checkbox"/> Insured's Mailing Address |
| <input type="checkbox"/> Policy Number | <input type="checkbox"/> Company |
| <input type="checkbox"/> Effective/Expiration Date | <input type="checkbox"/> Insured's Legal Status/Business of Insured |
| <input type="checkbox"/> Payment Plan | <input type="checkbox"/> Premium Determination |
| <input type="checkbox"/> Additional Interested Parties: | <input checked="" type="checkbox"/> Coverage Forms and Endorsements |
| <input type="checkbox"/> Limits/Exposures | <input type="checkbox"/> Self-Insured Retention |
| <input type="checkbox"/> Covered Property/Located Description | <input type="checkbox"/> Classification/Class Codes |
| <input type="checkbox"/> Rates | <input type="checkbox"/> Underlying Insurance |

is (are) changed to read **{See Additional Page(s)}**:

The above amendments result in a change in the premium as follows:

- | | | | |
|---|---|---------------------------|-----------------------|
| <input checked="" type="checkbox"/> NO CHANGES | <input type="checkbox"/> TO BE ADJUSTED AT AUDIT | ADDITIONAL PREMIUM | RETURN PREMIUM |
| <input type="checkbox"/> INCLUDED | | \$ | \$ |

Endorsement Effective:

Countersigned By:

Named Insured:



(Authorized Representative)

POLICY CHANGES ENDORSEMENT DESCRIPTION

THE RETROACTIVE DATE FOR POLICY # GPNUPF0002291-00 POML SHOWN ON
THE DECLARATIONS IS AMENDED TO READ:

RETROACTIVE DATE APPLICABLE TO CYBER LIABILITY: 01/03/2013

CLAIM REPORTING

Successful claim handling begins with prompt notification. Incidents that will or might give rise to a claim should be immediately reported to your agent. The agent will relay pertinent information to Glatfelter Claims Management, Inc. (GCM). Minimum information needed is:

- Name and telephone number of insured contact person.
- Date, time and location of the accident or incident.
- Description of how the incident occurred.
- Description of the vehicle or property involved.
- Description of the damage and/or injuries.
- Description of any other automobiles, property, persons and witnesses involved, including addresses and telephone numbers, if available.
- If known, the name and incident report number of the responding police department or other authority.

Do not delay reporting an incident to your agent waiting on information such as a police report, repair estimate, or other claim details. When additional information is obtained, it should be promptly reported to your agent or the claim handler assigned by GCM.

Should a claim arise, some important points to remember are:

- Provide assistance to injured persons.
- Protect property from further damage.
- Do not divulge information to anyone other than the assigned claim handler or GCM's authorized representative.
- If a lawsuit is filed, contact your agent immediately who will transmit copies to GCM.

If an after-hours emergency should arise, please contact our office for assistance.

Glatfelter Claims Management, Inc.
P.O. Box 5126
York, PA 17405
Telephone: (800) 233-1957
Claims Fax: (717) 747-7051
E-Mail: claims@glatfelters.com

License Number: 2D89880 (California only)

Glatfelter Claims Management, Inc., a division of Glatfelter Insurance Group, is a wholly owned, third-party claims administrator charged with the handling of claims for Glatfelter Public Practice, on behalf of National Union Fire Insurance Company of Pittsburgh, Pa.

Glatfelter
© Public
PracticeSM

A Division of Glatfelter Insurance Group

(800) 233-1957

www.GlatfelterPublicPractice.com

GLATFELTER PUBLIC PRACTICE Important Notice to Policyholders

This notice is not your policy. READ YOUR POLICY CAREFULLY to determine rights, duties, and what is and is not covered. Only the provisions of your policy determine the scope of your insurance protection.

Following is a summary of coverage differences from your expiring policy that may appear on your new policy. Please read your policy carefully.

LIABILITY

- An Electronic Information Security Events exclusion applies to your General Liability coverage. Coverage for Cyber Liability, Privacy Crisis Management Events, and Cyber Extortion is provided by endorsement to your Public Officials and Management Liability Coverage Part or your Educators Legal Liability Coverage Part (if purchased).

KENTUCKY UNINSURED MOTORISTS COVERAGE SELECTION/REJECTION

| | |
|--|---|
| Policy Number: GPNU-PF-0002291-00/000 | Policy Effective Date: 01/03/2020 |
| Applicant/Named Insured: NICHOLAS COUNTY WATER DISTRICT | |
| Company: NATIONAL UNION FIRE INS. CO. OF PITTSBURGH, PA. | |
| Producer: PUBLIC ENTITIES OF AMERICA LLC | |

Kentucky law permits you to make certain decisions regarding Uninsured Motorists Coverage. This document briefly describes this coverage and the options available.

You should read this document carefully and contact us or your agent if you have any questions regarding Uninsured Motorists Coverage and your options with respect to this coverage.

This document includes general descriptions of coverage. However, no coverage is provided by this document. You should read your policy and review your Declarations page(s) and/or Schedule(s) for complete information on the coverages you are provided.

UNINSURED MOTORISTS COVERAGE

Uninsured Motorists Coverage provides insurance protection to an insured for compensatory damages which the insured is legally entitled to recover from the owner or operator of an uninsured motor vehicle because of bodily injury caused by a motor vehicle accident. Also included are damages due to the bodily injury that result from a motor vehicle accident with a hit-and-run vehicle whose owner or operator cannot be identified.

Unless rejected, Uninsured Motorists Coverage will be afforded at limits at least equal to: (1) split limits of \$25,000 for each person, subject to \$50,000 for each accident with respect to bodily injury; or (2) a single limit of \$60,000 for each accident.

Please indicate your choice from either **A.** or **B.** as follows:

A. Selection Of Uninsured Motorists Coverage Limits

If you wish to select Uninsured Motorists Coverage, you may do so by initialing next to the appropriate item(s) and signing below. Please note that we only offer Uninsured Motorists Coverage limits up to the Liability Coverage limits of your policy, even though higher limits may appear below.

| | | | | | |
|---|-----------------------------------|--|-------------------|------------------------------|--|
| (Initials) _____ | | I select the following higher limits of Bodily Injury Uninsured Motorists Coverage. | | | |
| | | (Choose one:) | | | |
| (Initials) | Split Limits Bodily Injury | OR | (Initials) | Combined Single Limit | |
| _____ | \$ 25,000/50,000 | | _____ | \$ 60,000 | |
| _____ | 50,000/100,000 | | _____ | 75,000 | |
| _____ | 100,000/200,000 | | _____ | 100,000 | |
| _____ | 100,000/300,000 | | _____ | 200,000 | |
| _____ | 250,000/500,000 | | _____ | 250,000 | |
| _____ | 300,000/300,000 | | _____ | 300,000 | |
| _____ | 500,000/500,000 | | _____ | 350,000 | |
| _____ | 500,000/1,000,000 | | _____ | 500,000 | |
| _____ | 1,000,000/1,000,000 | | _____ | 1,000,000 | |
| _____ | _____ | | _____ | _____ | |
| | (Other) | | | (Other) | |
| _____ | | | | _____ | |
| Signature Of Applicant/Named Insured | | | | Date | |

B. Rejection Of Uninsured Motorists Coverage

If you wish to reject Uninsured Motorists Coverage, you may do so by initialing and signing below.

| | |
|---|---------------------------------|
| <p>_____ I reject Uninsured Motorists Coverage. (Initials)</p> | |
| <p>_____</p> <p>Signature Of Applicant/Named Insured</p> | <p>_____</p> <p>Date</p> |

Named Insured: NICHOLAS COUNTY WATER DISTRICT

Policy No. or Type of Policy: GPNU-PF-0002291-00/000 **Effective Date:** 01/03/2020

Insurance Company: National Union Fire Insurance Company of Pittsburgh, Pa.

**POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM
INSURANCE COVERAGE**

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

Coverage for certified acts of terrorism has been included in your policy. No additional premium has been charged under this policy for such terrorism coverage.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 AND 80% BEGINNING ON JANUARY 1, 2020 OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE, IF ANY, IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

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

HOW DOES THE ACT AFFECT YOUR INSURANCE COVERAGE?

You have a policy of insurance issued by us which has no terrorism exclusion attached to it.

- This policy will remain in effect as written for the remainder of the policy period shown in the Declarations of the policy.
- The decision not to include a terrorism exclusion to your policy when it was issued or last renewed was based on a number of reasons, and the continuation or importance of these reasons may or may not have been altered by the passage of the Act.
- In the time between now and the next renewal we will examine and refine our treatment of terrorism under your policy. This means that you may or may not have the same terms offered to you upon renewal and that the premium charged may or may not reflect alteration based upon the terrorism exposure.

WHAT IS THE TERRORISM RISK INSURANCE ACT ?

The following is a partial summary of the Terrorism Risk Insurance Act, as amended, (hereinafter referred to as the Act). Only the provisions of the Act determine the scope of the insurance protection available for the losses covered under the Act. The Act has been extended through December 31, 2020.

The Act provides coverage for property and casualty insurance for "insured losses" as a result of an "act of terrorism." As stated in the Act:

- A. "Insured loss" means any loss resulting from an "act of terrorism" (including an act of war, in the case of worker's compensation) that is covered by primary or excess property and casualty insurance issued by an insurer if such loss:
1. occurs within the United States; or
 2. occurs to an air carrier (as defined in section 40102 of title 49, United States Code), to a United States flag vessel (or a vessel based principally in the United States, on which US income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs, or at the premises of any United States mission.
- B. "Act of terrorism" means any act or acts that are certified by the Secretary of Treasury, in consultation with the Secretary of Homeland Security and the Attorney General of the United States:
1. To be an act of terrorism;
 2. To be a violent act or an act that is dangerous to:
 - a. human life;
 - b. property; or
 - c. infrastructure;
 3. to have resulted in damage within the United States, or outside of the United States in the case of:
 - a. an air carrier or vessel described in paragraph (5)(B) of Section 102 of the Act; or
 - b. the premises of a United States mission; and

4. to have been committed by an individual or individuals, as part of an effort to coerce the civilian populations of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
- C. Section 102 (1)(B) of the Act states “no act shall be certified by the Secretary as an act of terrorism if:
1. the act is committed as part of the course of a war declared by the Congress, except that this clause shall not apply with respect to any coverage for workers' compensation; or
 2. property and casualty insurance losses resulting from the acts, in the aggregate, do not exceed \$5,000,000.”
- D. The Act also contains a “program trigger” in Section 103(e)(1)(B), pursuant to which the federal government does not pay compensation for losses resulting from a certified act occurring after December 31, 2007, unless aggregate industry insured losses from such a certified act exceed a certain amount, or “trigger.” For insured losses occurring in 2008 and for all additional calendar years, the program trigger is \$100,000,000 through 2015, \$120,000,000 beginning on January 1, 2016, \$140,000,000 beginning on January 1, 2017, \$160,000,000 beginning on January 1, 2018, \$180,000,000 beginning on January 1, 2019, \$200,000,000 beginning on January 1, 2020 of aggregate industry insured losses.
- E. The Act does not apply to: crop or livestock insurance; private mortgage insurance or title insurance; financial guaranty insurance issued by monoline financial guaranty insurance corporations; insurance for medical malpractice; health or life insurance; flood insurance provided under the National Flood Insurance Act of 1968; commercial automobile insurance; burglary and theft insurance; surety insurance; professional liability insurance (except Directors and Officers Liability); or farm owners multiple peril insurance.
- F. Under the Act for calendar years through December 31, 2020, the federal government will reimburse the insurance company for 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019 and 80% beginning on January 1, 2020 of its insured losses in excess of a deductible, until aggregate “insured losses” in any calendar year exceed \$100 billion. Each insurer's deductible will be 20% of its direct earned premium for property and casualty insurance (as reported on Page 14 of the company's Annual Statement), over the immediately preceding calendar year.

For the purposes of determining such deductibles, direct earned premium means only the premiums earned on the commercial lines property and casualty insurance covered by the Act for U.S. risks or vessels, aircraft and foreign missions outside the U.S. covered by the Act.

Neither the insurance company (having met its statutorily mandated share as described above) nor the federal government will be liable for payment of any portion of “insured losses” under the Act that exceeds \$100 billion in the aggregate during any calendar year.

FACTS

Why?

What?

How?

WHAT DOES AMERICAN INTERNATIONAL GROUP, INC. (AIG) DO WITH YOUR PERSONAL INFORMATION?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and Medical Information
- Income and Credit History
- Payment History and Employment Information

When you are *no longer* our customer, we continue to share your information as described in this notice.

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons AIG chooses to share; and whether you can limit this sharing.

| Reasons we can share your personal information | Does AIG share? | Can you limit this sharing? |
|--|-----------------|-----------------------------|
| For our everyday business purposes — such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, conduct research including data analytics, or report to credit bureaus | Yes | No |
| For our marketing purposes — to offer our products and services to you | Yes | No |
| For joint marketing with other financial companies | Yes | No |
| For our affiliates' everyday business purposes — information about your transactions and experiences | Yes | No |
| For our affiliates' everyday business purposes — information about your creditworthiness | No | We don't share |
| For nonaffiliates to market to you | No | We don't share |

Questions?

For AIG Insurance Companies: Call 866-244-4786; Fax: 212-458-7081 or E-Mail: CIPrivacy@aig.com

For Pet insurance sold by AIG Insurance Companies: Call 866-937-7387 or E-Mail: CIPrivacy@aig.com

For LiveTravel, Inc., Travel Guard Group, Inc. or AIG Travel Assist, Inc.: Call 866-244-4786 or E-Mail: CIPrivacy@aig.com

Who we are

Who is providing this notice? The insurance company subsidiaries of American International Group, Inc. (AIG) underwriting property-casualty, accident & health, life insurance and related services and certain marketing subsidiaries of AIG listed below.

What we do

How does AIG protect my personal information? To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. We restrict access to employees, representatives, agents, or selected third parties who have been trained to handle nonpublic personal information.

How does AIG collect my personal information? We collect your personal information, for example, when you

- apply for insurance or pay insurance premiums
- file an insurance claim or give us your income information
- provide employment information

We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.

Why can't I limit all sharing? Federal law gives you the right to limit only

- sharing for affiliates' everyday business purposes— information about your creditworthiness
- affiliates from using your information to market to you
- sharing for nonaffiliates to market to you

State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state law.

Definitions

Affiliates Companies related by common ownership or control. They can be financial and nonfinancial companies.

• *Our affiliates include the member companies of American International Group, Inc.*

Nonaffiliates Companies not related by common ownership or control. They can be financial and nonfinancial companies.

• *AIG does not share with nonaffiliates so they can market to you.*

Joint marketing A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

• *Our joint marketing partners include companies with which we jointly offer insurance products, such as a bank.*

Other important information

This notice is provided by American Home Assurance Company; AIG Assurance Company; AIG Property Casualty Company; AIG Specialty Insurance Company; Commerce and Industry Insurance Company; Granite State Insurance Company; Illinois National Insurance Co.; Lexington Insurance Company; AIU Insurance Company; National Union Fire Insurance Company of Pittsburgh, Pa.; National Union Fire Insurance Company of Vermont; New Hampshire Insurance Company; The Insurance Company of the State of Pennsylvania; (collectively the "AIG Insurance Companies"). This notice is also provided by certain marketing subsidiaries of AIG, including Morefar Marketing, Inc., LLC, Travel Guard Group, Inc., AIG Travel Assist, Inc. and LiveTravel, Inc. who market insurance or non-insurance products and services to consumers.

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For California Residents only. We will not share information we collect about you with nonaffiliated third parties, except as permitted by California law, such as to process your transactions or to maintain your account.

For Nevada Residents Only. We are providing this notice pursuant to Nevada state law. You may elect to be placed on our internal Do Not Call list by contacting us as listed above. Nevada law requires that we also provide you with the following contact information: Bureau of Consumer Protection, Office of the Nevada Attorney General, 555 E. Washington Street, Suite 3900, Las Vegas, NV 89101; Phone number: 702-486-3132; email: aginfo@ag.nv.gov. You may contact the applicable customer service department using the contact information above or by writing to us at Privacy Officer, 175 Water Street, 18th Floor, New York, NY 10038.

You have the right to see and, if necessary, correct personal data. This requires a written request, both to see your personal data and to request correction. We do not have to change our records if we do not agree with your correction, but we will place your statement in our file. If you would like a more detailed description of our information practices and your rights, please write to us at: Privacy Officer, 175 Water Street, 18th Floor, New York, NY 10038.