

**COMMONWEALTH OF KENTUCKY**

**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

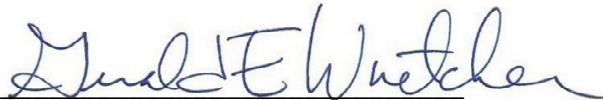
<b>ELECTRONIC APPLICATION OF BIG</b>	)	
<b>SANDY WATER DISTRICT FOR AN</b>	)	<b>CASE NO.</b>
<b>ADJUSTMENT OF ITS WATER RATES</b>	)	<b>2022-00044</b>
<b>PURSUANT TO 807 KAR 5:076</b>	)	

**RESPONSE OF BIG SANDY WATER DISTRICT  
TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**

Big Sandy Water District submits its Response to the Commission Staff's First Request for Information.

Dated: June 8, 2022

Respectfully submitted,

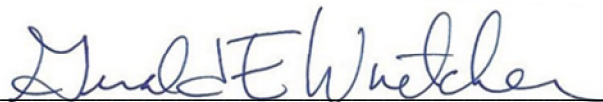


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gerald.wuetcher@skofirm.com

*Counsel for Big Sandy Water District*

**CERTIFICATE OF SERVICE**

In accordance with 807 KAR 5:001, Section 8, I certify that this document was submitted electronically to the Public Service Commission on June 8, 2022 and that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding.



*Counsel for Big Sandy Water District*

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**RESPONSE OF BIG SANDY WATER DISTRICT**  
**TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**

**FILED: June 8, 2022**



**BIG SANDY WATER DISTRICT**

**Response to Commission Staff's First Request for Information  
Case No. 2022-00044**

Question No. 1

Responding Witness: Jessica Sexton

**Q-1. Provide copies of each of the following, and when appropriate, provide in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible:**

- a. The general ledger for the calendar year 2022 to date.**
- b. The trial balance for the calendar year 2022 to date.**
- c. General Liability Certificates of Insurance showing coverage levels and total premiums for 2021 and the current period.**
- d. A description of all employee benefits, other than salaries and wages, paid to, or on behalf of, each employee for each of the previous five years.**
- e. Provide list of late payment penalties for years 2017, 2018, 2019, 2020, 2021, and year to date 2022.**

A-1. a. See Excel Spreadsheet PSCDR\_1-1a\_GeneralLedger2022.xls. A copy of this spreadsheet is embedded in this Response and has also been filed separately with this Response.

b. See Excel Spreadsheet PSCDR\_1-1b\_TrialBalance2022.xls. A copy of this spreadsheet is embedded in this Response and has also been filed separately with this Response.

c. See Attachment 1c-1 (Certificates of Insurance) and Attachments 1c-2 and 1c-3 (Commercial Insurance Policies)

d. Big Sandy Water District provides the following benefits to its full-time employees: (1) Health Insurance Coverage; (2) Dental Insurance Coverage; (3) Life Insurance Coverage; and (4) Retirement benefits.

(1) Health Insurance Coverage. Each full-time employee and the employee's family members are provided health insurance coverage. The employee is required to pay twelve (12) percent of the insurance coverage cost. The District pays the remaining amount. During the period from 2017-2019, employees paid thirteen (13) percent of the cost of insurance coverage. The employee share of health insurance was reduced to 12 percent in 2020.

(2) Dental Insurance Coverage. Each full-time employee and the employee's family members are provided dental insurance coverage. Since on or before 2017, the District has paid the full cost of dental insurance coverage. The members of Big Sandy Water District's Board of Commissioners are also eligible for dental insurance coverage at no cost.

(3) Life Insurance Coverage. Each full-time employee is provided with \$25,000 of life and accidental death insurance coverage. This coverage does not extend to employee family members. Since on or before 2017, the District has paid the full cost of the life insurance coverage.

(4) Retirement benefits. Since on or before 2017, Big Sandy Water District has participated in the County Employee Retirement System. Its required contribution is established by law.

e. See table below.

<b>Year</b>	<b>Late Payment Fees</b>
2017	\$57,812.26
2018	\$59,930.55
2019	\$55,218.97
2020	\$12,172.33
2021	\$53,648.74

# **ATTACHMENT 1c-1**



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
05/19/2022

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> Nelson Insurance Agency, Inc. 2000 Envoy Circle Louisville, KY 40299 D. Bradley Stewart		502-736-7000		<b>CONTACT NAME:</b> D. Bradley Stewart	
				<b>PHONE (A/C, No, Ext):</b> 502-736-7000	<b>FAX (A/C, No):</b> 502-736-7001
				<b>E-MAIL ADDRESS:</b> brad@nelsoninsurancegroup.com	
				<b>INSURER(S) AFFORDING COVERAGE</b>	
				<b>INSURER A:</b> Zurich - Allied Public Risk	
				<b>INSURER B:</b> KY Employers Mutual Insurance	
				<b>INSURER C:</b> Zurich NA	
				<b>INSURER D:</b>	
				<b>INSURER E:</b>	
				<b>INSURER F:</b>	
<b>INSURED</b> Big Sandy Water District Jessica Sexton 18200 KY Route 3 Catlettsburg, KY 41129				<b>NAIC #</b> 10320 19356	

### COVERAGES

### CERTIFICATE NUMBER:

### REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
<b>A</b>	<input checked="" type="checkbox"/> <b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR			<b>CPO-0632579-01</b>	<b>07/01/2020</b>	<b>07/01/2021</b>	EACH OCCURRENCE \$ <b>1,000,000</b> DAMAGE TO RENTED PREMISES (Ea occurrence) \$ <b>1,000,000</b>
<b>C</b>	<input checked="" type="checkbox"/> <b>Prof Liability</b>			<b>EOC-0632578-01</b>	<b>07/01/2020</b>	<b>07/01/2021</b>	MED EXP (Any one person) \$ <b>5,000</b>
<b>C</b>	<input checked="" type="checkbox"/> <b>EPLI</b>			<b>EOC-0632578-01</b>	<b>07/01/2020</b>	<b>07/01/2021</b>	PERSONAL & ADV INJURY \$ <b>1,000,000</b> GENERAL AGGREGATE \$ <b>3,000,000</b> PRODUCTS - COMP/OP AGG \$ <b>1,000,000</b> <b>Emp Ben.</b> \$ <b>1,000,000</b>
GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input checked="" type="checkbox"/> OTHER: <b>Per CL Prof/EPLI</b>							
<b>A</b>	<input checked="" type="checkbox"/> <b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY			<b>CPO-0632579-01</b>	<b>07/01/2020</b>	<b>07/01/2021</b>	COMBINED SINGLE LIMIT (Ea accident) \$ <b>1,000,000</b> BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
<b>C</b>	<input checked="" type="checkbox"/> <b>UMBRELLA LIAB</b> <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE			<b>UMB-0632577-01</b>	<b>07/10/2020</b>	<b>07/10/2021</b>	EACH OCCURRENCE \$ <b>5,000,000</b> AGGREGATE \$ <b>5,000,000</b>
	DED RETENTION \$						
<b>B</b>	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	<input type="checkbox"/> Y <input checked="" type="checkbox"/> N	<input type="checkbox"/> N <input checked="" type="checkbox"/> A	<b>376169</b>	<b>07/01/2020</b>	<b>07/01/2021</b>	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ <b>1,000,000</b> E.L. DISEASE - EA EMPLOYEE \$ <b>1,000,000</b> E.L. DISEASE - POLICY LIMIT \$ <b>1,000,000</b>
<b>A</b>	<b>Blanket Building</b> <b>Blanket Contents</b>			<b>CPO-0632579-02</b>	<b>07/01/2020</b>	<b>07/01/2021</b>	<b>Bldg/Cont</b> <b>3,073,159</b> <b>Flood/EQK</b> <b>1,000,000</b>

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

### CERTIFICATE HOLDER

### CANCELLATION

<b>INFORM1</b>	<b>SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.</b>
<b>INFORMATION PURPOSES ONLY</b>	AUTHORIZED REPRESENTATIVE 





# **ATTACHMENT 1c-2**

# Commercial Insurance Policy

## Disclosure Statement



It is our pleasure to present the enclosed policy to you  
for presentation to your customer.

**INSTRUCTION TO AGENT OR BROKER:**

WE REQUIRE THAT YOU TRANSMIT THE ATTACHED/ENCLOSED DISCLOSURE STATEMENT TO THE CUSTOMER  
WITH THE POLICY.

Once again, thank you for your interest, and we look forward to meeting your needs and those of your customers.

# Disclosure Statement



## NOTICE OF DISCLOSURE FOR AGENT & BROKER COMPENSATION

If you want to learn more about the compensation Zurich pays agents and brokers visit:

<http://www.zurichproducercompensation.com>

or call the following toll-free number: (866) 903-1192.

This Notice is provided on behalf of Zurich American Insurance Company  
and its underwriting subsidiaries.



# **SANCTIONS EXCLUSION ENDORSEMENT**

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

The following exclusion is added to the policy to which it is attached and supersedes any existing sanctions language in the policy, whether included in an Exclusion Section or otherwise:

### **SANCTIONS EXCLUSION**

Notwithstanding any other terms under this policy, we shall not provide coverage nor will we make any payments or provide any service or benefit to any insured, beneficiary, or third party who may have any rights under this policy to the extent that such cover, payment, service, benefit, or any business or activity of the insured would violate any applicable trade or economic sanctions law or regulation.

The term policy may be comprised of common policy terms and conditions, the declarations, notices, schedule, coverage parts, insuring agreement, application, enrollment form, and endorsements or riders, if any, for each coverage provided. Policy may also be referred to as contract or agreement.

We may be referred to as insurer, underwriter, we, us, and our, or as otherwise defined in the policy, and shall mean the company providing the coverage.

Insured may be referred to as policyholder, named insured, covered person, additional insured or claimant, or as otherwise defined in the policy, and shall mean the party, person or entity having defined rights under the policy.

These definitions may be found in various parts of the policy and any applicable riders or endorsements.

## **ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED**



# Zurich Pro Plus<sup>®</sup> Declarations

Insurance is provided by:

ZURICH AMERICAN INSURANCE COMPANY  
 1299 Zurich Way  
 Schaumburg, IL 60196-1056

THIS POLICY PROVIDES CLAIMS MADE AND REPORTED COVERAGE. **CLAIMS** MUST FIRST BE MADE AGAINST THE **INSUREDS** DURING THE **POLICY PERIOD** AND REPORTED TO US PURSUANT TO SUBSECTION VIII.H. OF THIS POLICY. ALSO, VARIOUS PROVISIONS IN THIS POLICY RESTRICT COVERAGE. PLEASE READ THE ENTIRE POLICY CAREFULLY TO DETERMINE RIGHTS, DUTIES AND WHAT IS AND WHAT IS NOT COVERED. THE PAYMENT OF **DEFENSE COSTS** REDUCES THE LIMITS OF LIABILITY.

Policy Number: EOC-0632578-02

Renewal of: EOC-0632578-01

Item 1. **Named Insured** and Mailing Address: Big Sandy Water District  
 18200 State Rte. 3  
 Catlettsburg, KY 41129

Item 2. **Policy Period:** From: 12:01 A.M. on 7/1/2021 To: 12:01 A.M. on 7/1/2022  
 Local time at the address shown in Item 1.

Item 3. Aggregate Policy Limit of Liability: \$6,000,000 each **Policy Period** for all Coverage Parts, combined.

Note: The Limits of Liability and Deductible are reduced or exhausted by **Defense Costs**.

Item 4. Coverage Schedule:

Coverages	Each Claim Limit of Liability	Aggregate Limit of Liability	Deductible (Each Claim)	Retro Date
Employment Practices and Third Party Discrimination Liability				
A. Employment Practices Liability Coverage	<b>Coverage A &amp; B Combined</b> \$1,000,000	<b>Coverage A &amp; B Combined</b> \$3,000,000	\$2,500	7/1/1999
B. Third Party Discrimination Liability Coverage				
Aggregate Sublimit for all <b>Third Party Discrimination Wrongful Act Claims</b>	N/A	N/A	N/A	N/A
Police Professional Liability Coverage Part Police Professional Liability	N/A	N/A	N/A	N/A
Public Officials Errors and Omissions Liability	\$1,000,000	\$3,000,000	\$2,500	7/1/1999
Dedicated Defense Limit of Liability	N/A	N/A	N/A	N/A

Coverages	Each Claim Limit of Liability	Aggregate Limit of Liability	Deductible (Each Claim)	Retro Date
Security and Privacy Coverage Part				
A. Liability Coverages				
1. Security and Privacy Liability Coverage	Not Covered	Not Covered	Not Covered	N/A
2. Regulatory Proceedings Coverage (subject to A.1 limits of liability)	Not Covered	Not Covered	Not Covered	N/A
B. Non-Liability Coverage				
<b>Privacy Breach Costs</b> (subject to A.1 Limits of Liability)	Not Covered	Not Covered	Not Covered	N/A
Common Policy Provisions				
Liability Coverage Extensions				
B. Supplemental Payments Extensions				
3. E-Discovery Expense	\$5,000	\$5,000	N/A	N/A
C. Public Relations Expenses Extension	\$5,000	\$5,000	N/A	N/A

Item 5. Optional Extended Reporting Period:

- A. 1 year(s) for 99% of the annual premium
- B. 2 year(s) for 150% of the annual premium
- C. 3 year(s) for 200% of the annual premium

Item 6. Notices to us:

<p>A. Address for notice of <b>Claims, Circumstances</b> or <b>Events</b>:  Zurich North America -  Zurich Programs  P.O. Box 968017  Schaumburg, IL 60196-8017  Fax: 877-962-2567  Email: usz_carecenter@zurichna.com</p>	<p>B. Address for all other notice:   Zurich North America -  1299 Zurich Way  Schaumburg, IL 60196-1056</p>
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Item 7. Endorsements Effective At Inception: See Schedule of Forms and Endorsements (U-ZPRO-467-A-CW)

Item 8. Policy Premium:

- A. Coverage Premium: \$ 2,528.00
- B. Taxes/Surcharges/Assessments: \$ 45.51
- C. Other Fees: 0.00
- D. Total Premium & Fees \$ 2,573.51

Schedule of Taxes/Surcharges/Assessments

- \$8.86 Kentucky Surcharges
- \$36.65 Kentucky Surcharges

Endorsement #



# Professional Liability for Public Entities Amendatory Endorsement

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

Policy No. EOC-0632578-02

Effective Date: 7/1/2021

This endorsement modifies insurance provided under the:

<b>X</b>	<b>Declarations</b>
<b>X</b>	<b>Common Policy Provisions</b>
<b>X</b>	<b>Public Officials Error and Omissions Liability Coverage Part</b>
<b>X</b>	<b>Employment Practices and Third Party Discrimination Liability Coverage Part</b>

It is agreed that:

Solely with respect to coverage provided under this endorsement:

I. The first paragraph of the Preamble in the Declarations is replaced with the following:

THIS POLICY PROVIDES COVERAGE ON A CLAIMS MADE AND REPORTED BASIS FOR EMPLOYMENT PRACTICES AND THIRD PARTY DISCRIMINATION LIABILITY COVERAGE PART AND PUBLIC OFFICIALS ERROR AND OMISSIONS LIABILITY COVERAGE PART AND ON AN OCCURRENCE BASIS FOR THE POLICE PROFESSIONAL LIABILITY COVERAGE PART. ALSO, VARIOUS PROVISIONS IN THIS POLICY RESTRICT COVERAGE. PLEASE READ THE ENTIRE POLICY CAREFULLY TO DETERMINE RIGHTS, DUTIES AND WHAT IS AND WHAT IS NOT COVERED.

UNDER THE EMPLOYMENT PRACTICES AND THIRD PARTY DISCRIMINATION LIABILITY, AND PUBLIC OFFICIALS ERROR AND OMISSIONS LIABILITY COVERAGE PARTS, A **CLAIM** MUST FIRST BE MADE AGAINST THE **INSUREDS** DURING THE **POLICY PERIOD** AND REPORTED TO US PURSUANT TO SUBSECTION VIII.H. OF THIS POLICY.

UNDER THE POLICE PROFESSIONAL LIABILITY COVERAGE PART, A **CLAIM** MUST BE REPORTED TO US IN WRITING AS SOON AS PRACTICABLE.

II. Solely with respect to coverage provided under the Common Policy Provisions:

A. The first paragraph of the Preamble in the Common Policy Provisions is replaced with the following:

THIS POLICY PROVIDES COVERAGE ON A CLAIMS MADE AND REPORTED BASIS FOR EMPLOYMENT PRACTICES AND THIRD PARTY DISCRIMINATION LIABILITY COVERAGE PART AND PUBLIC OFFICIALS ERROR AND OMISSIONS LIABILITY COVERAGE PART, AND ON AN OCCURRENCE BASIS FOR THE POLICE PROFESSIONAL LIABILITY COVERAGE PART. ALSO, VARIOUS PROVISIONS IN THIS POLICY RESTRICT COVERAGE. PLEASE READ THE ENTIRE POLICY CAREFULLY TO DETERMINE RIGHTS, DUTIES AND WHAT IS AND WHAT IS NOT COVERED.

UNDER THE EMPLOYMENT PRACTICES AND THIRD PARTY DISCRIMINATION LIABILITY, AND PUBLIC OFFICIALS ERROR AND OMISSIONS LIABILITY COVERAGE PARTS, A **CLAIM** MUST FIRST BE MADE AGAINST THE **INSUREDS** DURING THE **POLICY PERIOD** AND REPORTED TO US PURSUANT TO SUBSECTION VIII.H. OF THIS POLICY.



UNDER THE POLICE PROFESSIONAL LIABILITY COVERAGE PART, A **CLAIM** MUST BE REPORTED TO US IN WRITING AS SOON AS PRACTICABLE.

B. The last sentence in the first paragraph of Section II. Claim Defense and Settlement is deleted.

C. Subsection III.B.2. State Licensing and Regulatory Board Legal Expense Reimbursement does not apply.

D. Subsection VI.I. is amended to include:

use, misuse, management, mismanagement, loss of or failure to return any monies relating to funds, grants and appropriations, including the breach of or failure to satisfy any such duty or obligation;

any debt offering or debt financing, including but not limited to bonds, notes, debentures and guarantees of debt;

E. Subsection VI.M. is deleted, and replaced with the following:

Insured vs. Insured

by or on behalf of, or for the benefit of any:

1. **Insured;**

F. Solely with respect to the Public Officials Error and Omissions Liability Coverage Part, Employment Practices and Third Party Discrimination Liability Coverage Part, and Police Professional Liability Coverage Part, if purchased, Subsection VII.A. Limits of Liability is deleted, and replaced with the following:

A. Limits of Liability

1. Aggregate Policy Limit of Liability

The amount shown in the Declarations as the Aggregate Policy Limit of Liability shall be our maximum aggregate liability for all **Loss**, on account of all **Claims** or **Events** covered under all Coverage Parts.

The Each **Claim** and Aggregate Limit of Liability for **Supplementary E-Discovery Expense** and **E-Discovery Consulting Services** is separate from and in addition to the Aggregate Policy Limit of Liability shown in the Declarations. Our Aggregate Limit of Liability for all **Supplementary E-Discovery Expense** and **E-Discovery Consulting Services** shall be the Aggregate Limit of Liability shown in the Declarations.

The Each **Claim** and Aggregate Limit of Liability for **Public Relations Expenses** is part of and not in addition to the Aggregate Policy Limit of Liability shown in the Declarations. Our Aggregate Limit of Liability for all **Public Relations Expenses** shall be the **Public Relations Expenses** Limit Aggregate Limit of Liability shown in the Declarations.

2. Coverage Part Limit of Liability

a. Our maximum liability under each Coverage Part for all **Loss**, on account of all **Claims** or **Events**, combined, covered under such Coverage Part shall not exceed the respective Aggregate Limit of Liability or Sublimit shown in the Declarations for such Coverage Part.

b. Our maximum liability under each Coverage Part for **Loss**, on account of each **Claim** or **Event** covered under such Coverage Part shall not exceed the respective Each **Claim** Limit of Liability or Sublimit shown in the Declarations for such Coverage Part.

3. Defense Costs

a. **Defense Costs** are payable in addition to the Aggregate Policy Limit of Liability and Coverage Part Aggregate Limit of Liability shown in the Declarations.

If any Limit of Liability or Sublimit applicable to any **Claim** or **Event** is exhausted prior to settlement or judgment of such **Claim**, our obligations under the respective Coverage Part shall be terminated, and we shall have the right to withdraw from the further investigation or defense of any **Claim** which is subject to such exhausted Limit of Liability or Sublimit by tendering control of such investigation or defense to the **Insured**, and the **Insureds** agree, as a condition to the issuance of this Policy, to accept such tender.

III. Solely with respect to coverage provided under the Public Officials Error and Omissions Liability Coverage Part:

A. Subsection II.B. **Claim** is deleted, and replaced with the following:

**Claim** means:

1. a written demand against any **Insured** for compensatory damages;
2. a civil proceeding against any **Insured** for compensatory damages, including any appeal thereof; or
3. a written request received by an **Insured** to toll or waive a statute of limitations relating to a **Claim** as described above.

B. Subsection II.D. is deleted.

C. Subsection III.H. is deleted, and replaced with the following:

Medical Services

based upon, arising out of or attributable to the rendering or failure to render **Medical Services**;

D. Subsection III.I. is deleted, and replaced with the following:

Non-Monetary Damage

seeking relief or redress in any form other than monetary damages. However, we will provide defense, subject to a **Policy Period** aggregate limit of liability of \$25,000 to the **Insured** for such **Claims**, if not otherwise excluded;

E. Subsection III.J. is deleted, and replaced with the following:

Operations and Activities

based upon, arising out of or attributable to the operation of or activities of any law enforcement agencies, jails or detention facilities, firefighting authorities, schools, hospitals, clinics, nursing homes or other health care operations, housing authorities, port authorities, or transit authorities unless specifically added by endorsement to this Policy;

F. Section IV. Limits of Liability is deleted in its entirety.

IV. Solely with respect to coverage provided under the Employment Practices and Third Party Discrimination Liability Coverage Part:

A. Subsection II.H.1. is deleted, and replaced with the following:

any natural persons who were, now are or shall become your duly elected or appointed director, trustee, **Manager**, officer, **Employee** (including employed lawyers solely in their capacity as an **Employee**), advisory director, or member of a committee or board duly constituted by you, or their functional equivalent; or

All other terms, conditions, provisions and exclusions of this policy remain the same.

## SCHEDULE OF FORMS AND ENDORSEMENTS

**Named Insured:** Big Sandy Water District

**Effective Date:** 07/01/2021  
12:01 A.M., Standard Time

**Agent Name:** Allied Public Risk LLC

**Agent No.** 56139000

Form Number	Edition	Form Name	Endt #
<b><u>Zurich Professional</u></b>			
U-GU-873-A CW	(06/11)	Disclosure Statement	
U-GU-874-A CW	(06/11)	Notice of Disclosure For Agent & Broker Compensation	
U-GU-1191-A CW	(03/15)	Sanctions Exclusion Endorsement	
U-APR-224-B CW	(11/19)	Professional Liability for Public Entities Amendatory Endorsement	
U-ZPRO-D-200-A CW	(01/19)	Zurich Pro Plus Declarations	
U-ZPRO-467-A CW	(02/17)	Form and Endorsement Schedule	
U-ZPRO-400-B CW	(05/18)	Zurich Pro Plus Common Policy Provisions	
U-ZPRO-521-B CW	(05/18)	Reliance Upon Other Insurer's Application Endorsement	
U-ZPRO-621-B KY	(05/18)	Kentucky Amendatory Endorsement	
U-APR-223-A CW	(01/19)	Deductible Endorsement (Common Policy Provisions)	
U-APR-230-A CW	(01/19)	Amended Fraud Exclusion Endorsement	
<b><u>Employment Practices</u></b>			
U-ZPRO-404-C CW	(05/18)	Zurich Pro Plus Employment Practices and Third Party Discrimination Liability Coverage Part	
U-ZPRO-471-C CW	(05/18)	Independent Contractor Endorsement (Exclusion Amended)	
U-ZPRO-528-A CW	(02/17)	Strike Endorsement (Exclusion Added)	
<b><u>Public Officials Liability</u></b>			
U-ZPRO-410-A CW	(02/17)	Zurich Pro Plus Public Officials Error and Omissions Liability Coverage Part	
U-APR-221-A CW	(01/19)	Amend Definition of Insured Persons	
U-APR-222-A CW	(01/19)	Amend Definition of Wrongful Act Endorsement (Public Officials)	

# Zurich Pro Plus<sup>®</sup> Common Policy Provisions



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# Zurich Pro Plus<sup>®</sup>

## Common Policy Provisions

THIS POLICY PROVIDES CLAIMS MADE AND REPORTED COVERAGE. **CLAIMS** MUST FIRST BE MADE AGAINST THE **INSUREDS** DURING THE **POLICY PERIOD** AND REPORTED TO US PURSUANT TO SUBSECTION VIII.H. OF THIS POLICY. ALSO, VARIOUS PROVISIONS IN THIS POLICY RESTRICT COVERAGE. PLEASE READ THE ENTIRE POLICY CAREFULLY TO DETERMINE RIGHTS, DUTIES AND WHAT IS AND WHAT IS NOT COVERED. THE PAYMENT OF **DEFENSE COSTS** REDUCES THE LIMITS OF LIABILITY.

NOTICE: THIS POLICY IS INCOMPLETE UNLESS THE DECLARATIONS AND AT LEAST ONE COVERAGE PART ARE ATTACHED.

Wherever used in this Policy the words "You" and "Your" refer to the **Named Insured** and the **Named Insured's Subsidiaries**. The word **Named Insured** shall mean any person or organization shown in the Declarations. The word **Insured** means any person or organization qualifying as such pursuant to the definition of **Insured** found in each of the attached Coverage Parts. The words "We", "Us", and "Our" refer to the Company providing this insurance.

Other words and phrases in this Policy that appear in bold have special meaning. Refer to Section V. GENERAL DEFINITIONS as well as the DEFINITIONS sections within any of the respective attached Coverage Parts.

In consideration of payment of the premium and in reliance upon the statements made in the **Application**, which is made a part of this Policy, and subject to the Declarations and the definitions, exclusions, limitations, conditions, provisions and other terms of this Policy (including any endorsements hereto) we and the **Insureds** agree as follows:

### I. TERMS AND CONDITIONS

This Policy is comprised of these Common Policy Provisions, the Declarations, various Coverage Parts and endorsements, if applicable, and the **Application**. Although various Coverage Parts may be referenced in this Policy, a Coverage Part is included within this Policy and affords coverage only if it is included in the Coverage Schedule in the Declarations.

Except for these Common Policy Provisions or unless stated to the contrary in any Coverage Part or endorsement, the terms and conditions of each Coverage Part of this Policy apply only to that Coverage Part and shall not apply to any other Coverage Part of this Policy. Any defined term referenced in the Common Policy Provisions, but defined in a Coverage Part shall, for purposes of coverage under that Coverage Part, have the meaning set forth in that Coverage Part. If any provision in the Common Policy Provisions is inconsistent or in conflict with the terms and conditions of any Coverage Part, the terms and conditions of such Coverage Part shall control for purposes of that Coverage Part.

### II. CLAIM DEFENSE AND SETTLEMENT

We shall have the right and duty to defend any **Claims** made against the **Insureds** which are covered by the Coverage Parts that provide **Liability Coverage**, even if the allegations are groundless, false, or fraudulent. Our right and duty to defend includes, without limitation, the right and duty to select defense counsel. Our duty to defend any **Claim** and to pay **Loss** and **Defense Costs** for such **Claim** ends when the applicable Limit of Liability or Sublimit has been exhausted. The payment by us of **Defense Costs** reduces such applicable Limit of Liability or Sublimit.

We may investigate any such **Claim**, or any **Event**, as we deem necessary and make any settlement or compromise of such **Claim** as we deem expedient with the **Insured's** consent, but our right and duty to defend ends when the applicable Limit of Liability or Sublimit is exhausted by payment of **Loss** and **Defense Costs**. If we recommend a settlement of any such **Claim** acceptable to the claimant and the **Insured** refuses to consent to such settlement then, subject to the applicable Limit of Liability, our liability for such **Claim** will not exceed:

- A. the amount for which such **Claim** could have been settled by us plus **Defense Costs** up to the date the **Insured** refused to settle such **Claim**; plus

- B. fifty percent (50%) of any **Loss** and **Defense Costs** in excess of Subsection II.A. above incurred in such **Claim**. The remaining **Loss** and **Defense Costs** will be uninsured and borne by the **Insured** at its own risk.

The **Insureds** agree not to settle any **Claim**, incur any **Defense Costs**, otherwise assume any contractual obligation, or admit any liability with respect to any **Claim** without our prior written consent. We shall not be liable for any settlement, **Defense Costs**, assumed obligation, or admission to which we have not consented. However, such consent shall not be required if the aggregate **Loss** and **Defense Costs** is equal to or less than any applicable Self-Insured Retention shown in the Declarations. Neither we nor the **Insureds** shall unreasonably withhold any consent referenced in this Section II.

As a condition precedent to their rights under all Coverage Parts, the **Insureds** shall provide us with all information, assistance and cooperation which we reasonably request and, in the event of a **Claim** or **Event**, the **Insureds** will do nothing that shall prejudice our position or our potential or actual rights of recovery.

### III. LIABILITY COVERAGE EXTENSIONS

The following Liability Coverage Extensions are applicable to the **Liability Coverages**:

#### A. Estates, Legal Representatives, Spouses and Domestic Partners

The estates, heirs, legal representatives, assigns, spouses and **Domestic Partners** of **Insured Persons** shall be considered **Insured Persons** under this Policy, but only for **Claims** arising solely out of their status as such and, in the case of a spouse or **Domestic Partner**, only where such **Claims** seek damages from marital community property, jointly held property or property transferred from the **Insured Person** to the spouse or **Domestic Partner**. All terms and conditions of this Policy applicable to **Loss** and **Defense Costs** incurred by the **Insured Person** shall also apply to **Loss** and **Defense Costs** incurred by such estates, heirs, legal representatives, assigns, spouses and **Domestic Partners**.

No coverage shall be provided for any wrongful act or omission of an estate, heir, legal representative, assign, spouse or **Domestic Partner** in any other capacity.

#### B. Supplemental Payments Extensions

All payments made under this Subsection are not subject to the Self-Insured Retention and are in addition to the Limits of Liability shown in the Declarations. We shall not be obligated to make any payments under this Subsection after the Aggregate Policy Limit of Liability shown in the Declarations has been exhausted by payments of **Loss** and **Defense Costs** or tendered into a court.

##### 1. Travel and Participation Reimbursement for Claims

If we request that an **Insured** attend a trial, hearing, deposition, mediation, arbitration or any other proceeding, we will pay up to five hundred dollars (\$500) a day per person up to a maximum of five thousand dollars (\$5,000) per **Policy Period**, for reasonable and necessary travel expenses incurred with our prior written consent for such **Insured's** attendance at any trial, hearing, deposition, mediation, arbitration or other proceeding.

##### 2. State Licensing and Regulatory Board Legal Expense Reimbursement

We will reimburse the **Insured** for reasonable and necessary legal expenses in responding to a proceeding initiated directly against the **Insured** by a state licensing or regulatory board up to a maximum of twenty-five thousand dollars (\$25,000) per proceeding subject to a maximum of fifty thousand dollars (\$50,000) per **Policy Period**; provided that any such proceeding is:

- a. first commenced against the **Insured** during the **Policy Period**; and
- b. reported to us in writing during the **Policy Period** and before any legal expenses have been incurred.

##### 3. E-Discovery Expense

We will reimburse the **Insureds** for any **Supplementary E-Discovery Expense**, subject to the provisions contained in Subsection VIII.H. of these Common Policy Provisions, and **E-Discovery Consulting Services** the **Insured** incurs during the **Policy Period**. Our maximum liability under this Coverage Extension for all covered **Supplementary E-Discovery Expense** and **E-Discovery Consulting Services** combined shall be subject to the E-Discovery Expense Limit of Liability shown in the Declarations; such amount is separate and in addition to the Aggregate Policy Limit of Liability shown in the Declarations.

Notice to an E-discovery service provider of a **Claim** shall not constitute notice to us of any **Claim** or **Circumstance** under Subsection VIII.H. of these Common Policy Provisions.

C. Public Relations Expenses Extension

We will reimburse the **Named Insured** for the **Public Relations Expenses** the **Named Insured** incurs in connection with a **Crisis Event** first occurring during the **Policy Period** and reported to us pursuant to Subsection VIII.H. Our maximum liability under this Coverage Extension for all covered **Public Relations Expenses** combined shall be subject to the Public Relations Expenses Extension Limit of Liability shown in the Declarations. A **Crisis Event** occurs when the **Named Insured** or any of the **Named Insured's** directors or **Executive Officers** first becomes aware of the **Crisis Event**.

IV. EXTENDED REPORTING PERIODS

A. Automatic Extended Reporting Period

If either we fail or refuse or the **Named Insured** fails or refuses to renew, or if we cancel this Policy other than for nonpayment of premium, the **Named Insured** has an Automatic Extended Reporting Period of sixty (60) days after such nonrenewal or cancellation to report any **Claim** made during the **Policy Period**, but only with respect to any **Wrongful Act** or any **Event** under the applicable **Liability Coverage**, if such Coverage Part is purchased, taking place after the Retroactive Date shown in the Declarations, and prior to the effective date of such nonrenewal or cancellation. No additional premium shall be payable for such Automatic Extended Reporting Period. The Automatic Extended Reporting Period shall not apply where an Optional Extended Reporting Period has been purchased, or to **Claims** or **Events** that are covered under any subsequent insurance purchased by the **Named Insured** or for the **Named Insured's** benefit.

B. Optional Extended Reporting Period

If either we fail or refuse or the **Named Insured** fails or refuses to renew, or if we cancel this Policy other than for nonpayment of premium, then the **Named Insured** on behalf of all **Insureds** shall have the right, upon payment of an additional premium, to the Optional Extended Reporting Period as shown in the Declarations following the effective date of such nonrenewal or cancellation to report any **Claim** made during the **Policy Period**, but only with respect to any **Wrongful Act** or **Pollution Event** under the applicable **Liability Coverage**, if such Coverage Part is purchased, taking place after the Retroactive Date shown in the Declarations, and prior to the effective date of such nonrenewal or cancellation. This right to an Extended Reporting Period shall lapse unless written notice of such election, together with payment of the additional premium due, is given by the **Named Insured** to us within sixty (60) days following the effective date of nonrenewal or cancellation.

The Automatic Extended Reporting Period pursuant to Subsection IV.A. and the Optional Extended Reporting Period, if purchased, pursuant to Subsection IV.B. shall be collectively referred to in this Policy as the Extended Reporting Period. The Extended Reporting Period does not reinstate or increase the Limits of Liability beyond the Limits of Liability available under this Policy or extend the **Policy Period**. If the Optional Extended Reporting Period is purchased, the Automatic Extended Reporting Period shall be included within and not in addition to the Optional Extended Reporting Period.

Any Optional Extended Reporting Period if purchased shall be non-cancellable and the entire premium shall be deemed earned at its commencement.

V. GENERAL DEFINITIONS

When used in this Policy, the following terms, whether in the singular or plural, are defined as follows:

A. **Application** means:

1. the application for this Policy;
2. the application(s) for all previous policies of which this Policy is a direct or indirect renewal or replacement; and
3. all attachments and materials submitted in connection with or incorporated in the application(s) described in Subsection V.A.1. or V.A.2. above,

unless otherwise defined in any Coverage Part. The application(s), attachments and materials described above shall be retained on file by us and deemed attached to and incorporated into this Policy.

- B. **Automobile** means:
1. a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; 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,
- unless otherwise defined in any Coverage Part.
- C. **Bodily Injury** means injury to the body, sickness, disease, or death.
- D. **By-Product Material** has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof.
- E. **Circumstance** means:
1. an event reported to us during the **Policy Period** in compliance with Subsection VIII.H. of these Common Policy Provisions which the **Insured** could reasonably expect to result in a **Claim**; and
  2. all proceedings reported to us during the **Policy Period** in compliance with Subsection III.B.2. of these Common Policy Provisions.
- F. **Claim** means, with respect to any **Liability Coverage** within a Coverage Part, that which is defined as a **Claim** in a Coverage Part.
- G. **Computer System** means computer hardware and **Software**, and the **Electronic Data** stored thereon, as well as associated input and output devices, data storage devices, networking equipment, components, firmware and electronic backup facilities, including systems accessible through the Internet, intranets, extranets or virtual private networks.
- H. **Crisis Events** means, with respect to any **Liability Coverage** within a Coverage Part, those events which are defined as **Crisis Events** by the applicable Coverage Part as long as such events have, or are reasonably likely to, lead to **Negative Publicity** within thirty (30) days after commencement of the **Crisis Event**.
- I. **Crisis Management Advisor** means a public relations firm or crisis management firm approved by us that is hired by the **Named Insured** to perform **Crisis Management Services** in connection with a **Crisis Event**.
- J. **Crisis Management Services** means those services performed by a **Crisis Management Advisor** in advising the **Named Insured** on minimizing potential harm from a covered **Crisis Event** by attempting to maintain and/or restore public confidence in the **Named Insured**.
- K. **Defense Costs** means reasonable costs, charges, fees (including but not limited to attorneys' fees and experts' fees) and expenses (other than regular or overtime wages, salaries, fees, bonuses or stock options, or any other form of compensation of the **Insured Persons** or the directors, officers or employees of the **Insured**) incurred in defending or investigating **Claims**, as well as the premium for any appeal, attachment or similar bonds, provided that we shall have no obligation to apply for or furnish such bonds; **Defense Costs** does not include **Public Relations Expenses, Supplementary E-Discovery Expense** or **E-Discovery Consulting Services**.
- L. **Domestic Partner** means any natural person qualifying as a domestic partner under the provisions of any applicable federal, state or local law or under the provisions of any formal program established by you.
- M. **E-Discovery Consulting Services** means E-discovery readiness assessment and consulting services rendered solely by an E-discovery service provider approved by us.
- N. **Electronic Data** means information that exists in electronic form, including **Personal Information**; provided, however, **Electronic Data** does not include **Software**.
- O. **Event** means, with respect to a Coverage Part, that which is defined as an **Event** in such Coverage Part and must occur in order to invoke coverage under such Coverage Parts.
- P. **Executive Officer** means any natural person who has been, now is, or shall become your Chief Executive Officer, Chief Financial Officer, Chief Security Officer, Chief Technology Officer, Chief Information Officer, General Counsel, or Risk Manager, or the functional equivalent of such an officer, or **Manager**, unless otherwise defined in any Coverage Part.
- Q. **Insured** means with respect to any Coverage Part, that which is defined as an **Insured** in such Coverage Part.



- R. **Insured Persons** means with respect to any Coverage Part, those persons defined as **Insured Persons** in such Coverage Part.
- S. **Interrelated Wrongful Acts** means all **Wrongful Acts**, including all **Wrongful Acts** that have as a common nexus any fact, circumstance, situation, event, transaction, cause or series of causally connected facts, circumstances, situations, events, transactions, or causes.
- T. **Liability Coverage** means the liability coverage under any of the following Coverage Parts: the Architects & Engineers Professional Liability Coverage Part, the Educators Legal Liability Coverage Part, the Employed Lawyers Liability Coverage Part, the Employment Practices and Third Party Discrimination Liability Coverage Part, the Manufacturers Errors and Omissions Liability Coverage Part, the Media Liability Coverage Part, the Miscellaneous Professional Liability Coverage Part, the Police Professional Liability Coverage Part, the Public Officials Errors and Omissions Liability Coverage Part, the Security and Privacy Liability Coverage and Regulatory Proceedings Coverage within the Security and Privacy Coverage Part or the Expanded Security and Privacy Coverage Part, or the Technology Liability Coverage Part, if included in the Coverage Schedule in the Declarations.
- U. **Loss** means, with respect to the **Liability Coverage** within any Coverage Part, that which is defined as **Loss** in such Coverage Part.
- V. **Malicious Code** means unauthorized, corrupting, or harmful software code, including but not limited to computer viruses, Trojan horses, keystroke loggers, cookies, spyware, adware, worms, and logic bombs.
- W. **Managers** means any natural person who was, now is or shall become the **Named Insured's**:
1. manager, member of the Board of Managers or equivalent executive of a limited liability company; or
  2. general partner, managing partner or equivalent executive in a partnership or joint venture.
- X. **Mental Anguish** means mental injury, mental anguish, mental tension, emotional distress, pain and suffering, or shock.
- Y. **Named Insured** means the organization shown in the Declarations.
- Z. **Negative Publicity** means information which is broadcasted or publicized through two or more media outlets such as newspapers, radio, television, internet, or comparable print, electronic, or broadcast media and has or is likely to materially reduce public confidence in the **Named Insured's** competence, integrity or viability to conduct business.
- AA. **Non-Liability Coverage** means those non-liability coverages under the Security and Privacy Coverage Part or the Expanded Security and Privacy Coverage Part, if such Coverage Part is included in the Coverage Schedule in the Declarations.
- BB. **Nuclear Facility** means:
1. any **Nuclear Reactor**;
  2. any equipment or device designed or used for:
    - a. separating the isotopes of uranium or plutonium;
    - b. processing or utilizing **Spent Fuel**; or
    - c. handling, processing, or packaging **Nuclear Waste**;
  3. any equipment or device used for the processing, fabricating, or alloying of **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; or
  4. any structure, basin, excavation, premises, or place prepared or used for the storage or disposal of **Nuclear 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, unless otherwise defined in any Coverage Part.

- CC. **Nuclear Material** means radioactive material, uranium, plutonium, thorium, any substance of a similar nature used to generate nuclear or atomic energy, and any by-product or isotope of the same.
- DD. **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.
- EE. **Nuclear Waste** means any waste material:
1. 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
  2. resulting from the operation by any person or organization of any **Nuclear Facility** included under the Subsections V.BB.1. and V.BB.2. of the definition of **Nuclear Facility**.
- FF. **Personal Information** means any information from which an individual may be uniquely and reliably identified or contacted including, but not limited to, an individual's name, telephone number, social security number, medical or healthcare data or other protected health information, driver's license number or state identification number, account number, credit card number, debit card number, access code or password that would permit access to that individual's financial account or any other non-public personal information as defined in **Privacy Regulations**; provided, however, **Personal Information** does not include information lawfully available to the general public for any reason, including information from federal, state, or local government records.
- GG. **Personal Injury** means injury arising out of one or more of the following offenses:
1. false arrest, detention or imprisonment;
  2. malicious prosecution;
  3. the wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
  4. 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;
  5. oral or written publication, in any manner, of material that violates a person's right of privacy; or
  6. the use of another's advertising idea in your advertisement.
- HH. **Policy Period** means the period shown in the Declarations, subject to prior termination pursuant to Subsection VIII.J. of these Common Policy Provisions.
- II. **Pollutants** means any substance located anywhere in the world exhibiting any hazardous characteristics as defined by, or identified on a list of hazardous substances issued by, the United States Environmental Protection Agency or a state, county, municipality or locality counterpart thereof. **Pollutants** shall also mean any other air emission, odor, waste water, oil or oil products, infectious or medical waste, asbestos or asbestos products, silica, noise, fungus (including mold, mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi, but not any fungi intended by the **Insured** for consumption) and electric or magnetic or electromagnetic field. Such matters shall include, without limitation, solids, liquids, gaseous, thermal, biological, nuclear or radiological irritants, contaminants or smoke, soot, fumes, acids, alkalis, chemicals or waste materials.
- JJ. **Pollution Event** means with respect to the **Liability Coverage** within any Coverage Part, that event defined as a **Pollution Event** in such Coverage Part.
- KK. **Privacy Regulations** means any of the following statutes, including any amendments thereto or regulations thereunder, associated with the control and use of personally identifiable financial, medical or other sensitive information:
1. Health Information Technology for Economic and Clinical Health Act (HITECH) (American Recovery and Reinvestment Act of 2009);
  2. Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191);
  3. Gramm-Leach-Bliley Act of 1999;
  4. California Security Breach Notification Act (CA SB 1386), CA AB 211 and CA SB 541;

5. Section 5(a) of the Federal Trade Commission Act (15 U.S.C. 45(a)), but solely for alleged unfair or deceptive acts or practices in or affecting commerce;
6. Massachusetts 201 CMR 17;
7. the Identity Red Flags under the Fair and Accurate Credit Transactions Act of 2003; and
8. any similar state, federal or foreign identity theft or privacy protection statute.

LL. **Professional Services** means those services defined as **Professional Services** in any Coverage Part.

MM. **Property Damage** means, unless otherwise defined in a Coverage Part:

1. physical injury to, loss or destruction of tangible property, including loss of use thereof; or
2. loss of use of tangible property which has not been physically injured or destroyed;

however, **Property Damage** does not mean injury to, loss or destruction of intangible property, including **Electronic Data**.

NN. **Public Relations Expenses** means the reasonable and necessary fees and expenses incurred by any **Crisis Management Advisor** or law firm retained by the **Named Insured**, with our prior consent, for **Crisis Management Services**.

OO. **Service Provider** means a business you do not own, operate, or control, but that you hire for a fee pursuant to a written contract to perform services related to the conduct of your business, including but not limited to:

1. maintaining, managing, or controlling **Computer Systems**;
2. hosting or facilitating your internet website; or
3. providing administrative functions, human relations, marketing or other outsourced services to you.

PP. **Software** means operations and applications, codes and programs by which **Electronic Data** are electronically collected, transmitted, processed, stored or received. **Software** does not include **Electronic Data**.

QQ. **Source Material** has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof.

RR. **Spent Fuel** means any fuel element or fuel component, solid or liquid, which has been exposed to radiation in a **Nuclear Reactor**.

SS. **Subsidiary** means, subject to Subsection VIII.F.1. of these Common Policy Provisions:

1. any organization, other than a joint venture or partnership, in which more than fifty percent (50%) of the outstanding voting securities or voting rights representing the present right to vote for election of directors, trustees, **Managers** or equivalent executives of such organization is owned or controlled, directly or indirectly, in any combination, by the **Named Insured**;
2. any organization, other than a joint venture or partnership, in which the **Named Insured**, in any combination, directly or indirectly have the right, pursuant to a written contract with or the bylaws, charter, operating agreement or similar document of such organization, to elect or appoint a majority of the directors, **Managers** or equivalent executives of such organization; and
3. any non-profit/501(c)3 entities, charitable trust or political action committee controlled or exclusively sponsored by the **Named Insured**,

unless otherwise defined in a Coverage Part.

TT. **Supplementary E-Discovery Expense** means the expenses relating to the collection, processing, converting, reviewing and producing electronically stored information in connection with the investigation and defense of a potentially covered **Claim**.

UU. **Vessel** means any watercraft used or capable of being used as a means of transportation on water, whether self-propelled or otherwise, including barges and tugs.

VV. **Wrongful Act** means with respect to any Coverage Part, that which is defined as a **Wrongful Act** in such Coverage Part.

## VI. GENERAL EXCLUSIONS

This Policy does not apply to **Loss** or **Defense Costs** on account of any **Claim** or **Event**, or for **Supplementary E-Discovery Expense** and **E-Discovery Consulting Services**:

### A. Asbestos

based upon, arising out of or attributable to:

1. asbestos or any asbestos related injury or damage;
2. any alleged act, error, omission or duty involving asbestos, its use, exposure, presence, existence, detection, removal, elimination or avoidance; or
3. the use, exposure, presence, existence, detection, removal, elimination or avoidance of asbestos in any environment, building or structure;

### B. Automobile, Watercraft or Aircraft

based upon, arising out of, or attributable to the ownership, maintenance, use, loading or unloading or entrustment to others of any:

1. aircraft owned or operated by any **Insured** or rented, loaned or chartered by or on behalf of any **Insured** without crew;
2. **Automobile**;
3. drone or unmanned vehicle; or
4. watercraft owned or operated by any **Insured**;

### C. Breach of Contract

based upon, arising out of or alleging a breach of any express, implied, actual, constructive, oral or written contract, warranty, guarantee, or promise including any actual or alleged liability assumed by the **Insured**, provided however, this exclusion will not apply to:

1. liability that would have attached to the **Insured** even in the absence of such contract, warranty, guarantee, or promise; or
2. the unintentional breach of a contract to provide **Professional Services**;

### D. Content Licensing

by or on behalf of any content licensing organization or agency, including without limitation Broadcast Music, Inc., SESAC, Inc., or the American Society of Composers, Authors and Publishers; provided, however, this exclusion shall not apply to any **Claim** by or on behalf of any such organization or agency in its capacity as a client or customer of the **Insured**;

### E. Cost Guarantees

based upon, arising out of, or attributable to any failure to meet a cost guarantee or estimate of probable costs;

### F. Dishonest, Fraudulent, Criminal, Malicious, or Intentional Act

based upon, arising out of, or attributable to any:

1. dishonest, fraudulent, criminal, or malicious act or omission, or any intentional or knowing violation of law by the **Insured**; or
2. gaining of or the attempt to gain any profit, remuneration, or financial or non-financial advantage to which the **Insured** was not legally entitled;

provided, however, this exclusion shall not apply to **Defense Costs** or our duty to defend any such **Claim** unless and until there is a final, non-appealable judgment against, binding arbitration decision against, adverse admission under oath by, finding of fact against, or plea of *nolo contendere* or no contest by, the **Insured** which establishes such dishonest, fraudulent, criminal, or malicious act or omission, or any intentional or knowing violation of law occurred or such profit, remuneration, financial or non-financial advantage was gained, at which

time the **Insured** shall reimburse us for any **Defense Costs** paid by us on behalf of such **Insured** resulting from such **Claim**.

This exclusion shall not apply to an **Insured** who did not commit, participate in, or have knowledge of any of the acts described in this exclusion;

G. Electromagnetic Radiation

based upon, arising out of or attributable to electromagnetic radiation, including but not limited to magnetic energy, waves, fields or forces;

H. Electronic Communications

based upon, directly or indirectly arising out of or attributable to 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; or
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, or any other legal liability, at common law or otherwise, that addresses, prohibits, or limits the printing, dissemination, disposal, monitoring, collecting, recording, use of, sending, transmitting, communicating or distribution of material or information;

I. ERISA and Securities

based upon, arising out of or attributable to any actual or alleged:

1. violation by the **Insured** of the Employee Retirement Income Security Act of 1974;
2. violation by the **Insured** of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, the Investment Advisors Act, or any other foreign, federal, state or local securities law;
3. violation by the **Insured** of any rules or regulations promulgated under the statutes listed in Subsection VI.I.1. or VI.I.2 above; any amendments thereof, or any other foreign, federal, state or common law similar thereto;
4. deceptive or unfair trade practice, consumer fraud, false or deceptive advertising or misrepresentation; or
5. unfair competition, price fixing, restraint of trade, monopolization, consumer fraud or other violation of the Federal Trade Commission Act, the Sherman Anti-Trust Act, the Clayton Act, as amended, or any other federal, state, local, or common law or rules or regulations involving antitrust, monopoly, price fixing, price discrimination, predatory pricing or restraint of trade, or otherwise protecting competition;

J. Expected or Intended Damage

based upon, arising out of or attributable to any expected or intended injury from the standpoint of the **Insured**;

K. Express Warranty or Guarantee

based upon, arising out of, or attributable to any breach of express warranty or guarantee, except to the extent such liability would have attached by law in the absence of such warranty or guarantee;

L. Failure or Destruction of Satellite

based upon, arising out of, or attributable to the failure or destruction of any satellite;

M. Insured vs. Insured

by or on behalf of, or for the benefit of any:

1. **Insured**;
2. entity owned, controlled, operated or managed by the **Insured** at the time the **Wrongful Act** or **Pollution Event** giving rise to such **Claim** took place;

3. entity that owns, controls, operates or manages or wholly or partly owns the **Insured** at the time the **Wrongful Act** or **Pollution Event** giving rise to such **Claim** took place;
4. entity in which the **Insured** acted as a partner, director, officer, or employee at the time the **Wrongful Act** or **Pollution Event** giving rise to such **Claim** took place; or
5. publicly held entity in which the **Insured** owned ten percent (10%) or more of the voting securities, or a privately held entity in which the **Insured** owned forty percent (40%) or more of the voting securities;

N. Integrity of Personal Information

based upon, arising out of or attributable to the integrity of **Personal Information** provided by a third party, including whether such **Personal Information** is relevant and reliable for the purpose for which it is collected or to be used, accurate, complete or current; however, this exclusion does not apply when such conditions are the result of a **Malicious Code** or hacker;

O. Lead

based upon, arising out of, or attributable to:

1. the actual, alleged or threatened exposure to or existence of lead, paint containing lead, or any other material, product, or substance containing lead;
2. the actual, alleged or threatened manufacture, distribution, sale, resale, re-branding, installation, repair, removal, encapsulation, abatement, replacement, or handling of lead, paint containing lead, or any other material, product, or substance containing lead; or
3. any direction or request that any **Insured** test for, monitor, clean up, remove, contain, treat, mitigate, or neutralize lead, paint containing lead, or any other material, product, or substance containing lead or any voluntary decision to do so;

P. Mechanical, Electrical or Telecommunications Failure or Malfunction

based upon, arising out of or attributable to:

1. any failure, interruption, or outage to Internet access service provided by the Internet service provider that hosts the **Insured's** website, including without limitation any failure of telephone lines, data transmission lines, or other infrastructure comprising or supporting the Internet unless such infrastructure is under the **Insured's** operational control; or
2. any mechanical or electrical failure or interruption caused by a third party, acting independently of the **Insured**, or by an event outside of the **Insured's** control, including any electrical power interruption or surge, brownout, blackout, short circuit, over voltage, or power fluctuations;

Q. Nuclear

based upon, arising out of, or attributable to the hazardous, including radioactive, toxic or explosive, properties of **Nuclear Material**:

1. with respect to which:
  - a. any person or organization is required to maintain financial protection related to nuclear or atomic energy pursuant to any law, code, directive, statute, ordinance or regulation of any sovereign nation, any agency or political subdivision thereof, or any multinational governmental agency or institution;
  - b. the **Insured** is, or had this Policy not been issued would be, entitled to indemnity from any sovereign nation, any agency or political subdivision thereof, or any multinational governmental institution; or
  - c. insurance is available to any **Insured** under a nuclear energy liability policy, or where insurance would be available under any such policy but for that policy's termination upon exhaustion of its limit of liability;
2. if:
  - a. the **Nuclear Material**:
    - (1) is at any **Nuclear Facility** owned by or operated by or on behalf of, an **Insured**; or

(2) has been discharged, dispersed, migrated or escaped from a **Nuclear Facility** owned by, or operated by or on behalf of any **Insured**;

- b. the **Nuclear Material** is at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an **Insured**; or
- c. the **Claims, Defense Costs, or Loss** 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**;

R. Other Coverage Parts

that would otherwise be covered by any other Coverage Part available under this Policy if not for the **Insured's** failure or refusal to purchase such Coverage Part;

S. Over-Redemption

based upon, arising out of, or attributable to any over-redemption of coupons, awards or prizes from advertisements, promotions, games, sweepstakes, or contests;

T. Physical Event

based upon, arising out of, or attributable to fire, smoke, explosion, lightning, wind, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, act of God, or any other similar physical event however caused;

U. Pollution

based upon, arising out of, or attributable to:

- 1. the actual, alleged or threatened discharge, release, escape, seepage, migration or disposal of **Pollutants** at any time; or
- 2. any claim, suit, direction or request that any **Insured** test for, monitor, clean up, remove, contain, treat, detoxify or neutralize **Pollutants**, or any voluntary decision to do so.

This exclusion applies whether or not such **Pollutants** have any function in the **Insured's** business, operations, premises, site or location and regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to any **Loss** or **Defense Costs** associated with such **Pollutants**;

V. Prior Notice or Pending or Previous Action

based upon, arising out of or attributable to:

- 1. any fact, **Circumstance**, or situation which has been the subject of any written notice given under any insurance policy or any policy of which this Policy is a direct or indirect renewal or replacement, or any policy expiring prior to the inception date of this Policy;
- 2. any act, error or omission or **Wrongful Act, Event**, fact, **Circumstance** or situation occurring prior to:
  - a. the inception date of this Policy or the inception date of the first policy in an uninterrupted series of errors and omissions or security and privacy liability insurance policies continuously issued by us to the **Named Insured** of which this Policy is a renewal, whichever inception date is earlier; or
  - b. the applicable Retroactive Date shown in the Declarations,  
if on or before such earlier inception date or Retroactive Date (if applicable) any **Executive Officer** becomes aware or receives notification of a **Claim**, knew or could have reasonably foreseen that such **Wrongful Act, fact, Circumstance** or situation could give rise to a **Claim** or **Event**; or
- 3. any written demand, suit or proceeding pending, or order, decree or judgment entered, against any **Insured** on or prior to the effective date of this Policy or the effective date of any policy issued by us of which this Policy is a continuous renewal or replacement; or is alleged or derived from the same or substantially the same **Wrongful Act, Interrelated Wrongful Acts**, fact, **Circumstance** or situation underlying or alleged therein;

W. Violation of Imposed Responsibilities, Obligations or Duties

based upon, arising out of or attributable to any actual or alleged violation of the responsibilities, obligations or duties imposed by any of the following:

1. the Fair Labor Standards Act (except the Equal Pay Act) and any other law concerning wage and hour practices, including, but not limited to any **Claim** for off-the-clock work, failure to provide rest or meal periods, failure to reimburse expenses, improper classification of employees as exempt or non-exempt, failure to timely pay wages, conversions, unjust enrichment, or unfair business practices;
2. any law governing the rights of employees to engage in, or to refrain from engaging in, union or other collective activities, including but not limited to the National Labor Relations Act, or the enforcement of any collective bargaining agreement;
3. the Worker Adjustment and Retraining Notification Act;
4. the Consolidated Omnibus Budget Reconciliation Act of 1985;
5. the Occupational Safety and Health Act;
6. the Racketeer Influenced and Corrupt Organizations Act;
7. the Federal False Claims Act; or
8. rules or regulations promulgated under any of such statutes or laws, amendments thereto or similar provisions of any federal, state, local or foreign statutory law or common law;

X. War or Civil Unrest

based upon, arising out of, or attributable to:

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;
3. insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these; or
4. civil unrest, including but not limited to protests, striking employees and riots;

Y. Workers' Compensation And Similar Laws

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

## VII. LIMITS OF LIABILITY AND SELF-INSURED RETENTION

### A. Limits of Liability

#### 1. Aggregate Policy Limit of Liability

The amount shown in the Declarations as the Aggregate Policy Limit of Liability shall be our maximum aggregate liability for all **Loss** and **Defense Costs**, on account of all **Claims** or **Events** covered under all Coverage Parts with the exception of the applicable Limit of Liability for **Supplementary E-Discovery Expense** and **E-Discovery Consulting Services**.

The Each **Claim** Limit of Liability and Aggregate Limit of Liability for **Supplementary E-Discovery Expense** and **E-Discovery Consulting Services** is separate from and in addition to the Aggregate Policy Limit of Liability shown in the Declarations. Our Aggregate Limit of Liability for all **Supplementary E-Discovery Expense** and **E-Discovery Consulting Services** shall be the Aggregate Limit of Liability shown in the Declarations.

The Each **Claim** Limit of Liability and Aggregate Limit of Liability for **Public Relations Expenses** is part of and not in addition to the Aggregate Policy Limit of Liability shown in the Declarations. Our Aggregate Limit of Liability for all **Public Relations Expenses** shall be the **Public Relations Expenses** Limit Aggregate Limit of Liability shown in the Declarations.



## 2. Coverage Part Limit of Liability

- a. Our maximum liability under each Coverage Part for all **Loss** and **Defense Costs**, on account of all **Claims** or **Events**, combined, covered under such Coverage Part shall not exceed the respective Aggregate Limit of Liability or Sublimit shown in the Declarations for such Coverage Part.
- b. Our maximum liability under each Coverage Part for **Loss** and **Defense Costs**, on account of each **Claim** or **Event** covered under such Coverage Part shall not exceed the respective Each **Claim** Limit of Liability or Sublimit shown in the Declarations for such Coverage Part.

**Defense Costs** are part of and not in addition to any applicable Limit of Liability or Sublimit and the payment of **Defense Costs** by us reduces such applicable Limits of Liability or Sublimits, unless provided otherwise in a Coverage Part.

If any Limit of Liability or Sublimit applicable to any **Claim** or **Event** is exhausted prior to settlement or judgment of such **Claim**, our obligations under the respective Coverage Part shall be terminated, and we shall have the right to withdraw from the further investigation or defense of any **Claim** which is subject to such exhausted Limit of Liability or Sublimit by tendering control of such investigation or defense to the **Insured**, and the **Insureds** agree, as a condition to the issuance of this Policy, to accept such tender.

### B. Self-Insured Retention

Our liability for **Loss** and **Defense Costs** on account of each **Claim** or **Event** shall apply only to that part of such **Loss** and **Defense Costs** in excess of the applicable Self-Insured Retention for each Coverage Part, as shown in the Declarations. We shall have no obligation for any **Loss** or **Defense Costs** within such Self-Insured Retention. In the event more than one Self-Insured Retention applies to any **Claim**, the maximum total Self-Insured Retention applicable to such **Claim** shall be the largest of such applicable Self-Insured Retentions.

Neither **Public Relations Expenses**, **Supplementary E-Discovery Expenses**, **E-Discovery Consulting Services**, nor payment under the Travel and Participation Reimbursement for Claims or State Licensing and Regulatory Board Legal Expense Reimbursement Extensions shall be applied towards satisfaction of any applicable Self-Insured Retention under this Policy.

### C. Multiple Insureds, Claims, Claimants and Events

The inclusion of more than one **Insured** in any **Claim** or **Event**, or the making of **Claims** by more than one person or entity shall not increase the Limits of Liability.

All **Events** that have as a common nexus any fact, circumstance, situation, event, transaction, cause, or series of causally connected facts, circumstances, situations, events, transactions, or causes shall be deemed one **Event**, and all such **Events** shall be deemed to have commenced when the earliest of such **Events** first commenced.

### D. Single Claims

All **Claims** arising out of the same **Wrongful Act** and all **Interrelated Wrongful Acts** shall be deemed one **Claim**, and all such **Claims** shall be deemed to be first made when the earliest of such **Claims** is first made, whether before or during the **Policy Period** or any applicable Extended Reporting Period.

### E. Single Claim Covered by Multiple Coverage Parts

If a single **Claim**, as described in Subsection VII.D. above, is covered in whole or in part under more than one Coverage Part:

1. we shall apply the largest applicable Self-Insured Retention of such Coverage Parts triggered; and
2. the remaining Limits of Liability under each applicable Coverage Part shall apply with respect to coverage for such **Claim**; and
3. our maximum aggregate liability for all **Loss** and **Defense Costs** covered under all applicable Coverage Parts combined shall not exceed the largest of such remaining applicable Limits of Liability under Subsection VII.E.2.

This Subsection VII.E. does not increase our maximum liability with respect to such **Claim**, which is also subject to the Aggregate Policy Limit of Liability shown in the Declarations.

## VIII. CONDITIONS

### A. Action Against Us

No action shall lie against us unless, as a condition precedent thereto, all **Insureds** have fully complied with all the terms of this Policy and not until the amount of all **Insureds'** obligations to pay have been fully and finally determined either by judgment against all **Insureds** after actual and contested trial on the merits or by written agreement of the **Named Insured**, the claimant and us.

Nothing contained in this Policy shall give any person or organization any right to join us as a co-defendant in any action against any **Insured**.

### B. Alteration, Assignment and Headings

No change in, modification of, or assignment of interest under this Policy shall be effective except when made by a written endorsement to this Policy which is issued by us.

The titles and headings to the various Sections, Subsections and endorsements of this Policy, as well as the schedule of endorsements attached to this Policy, are included solely for ease of reference and do not in any way limit, expand or otherwise affect the provisions or existence of such Sections, Subsections or endorsements.

### C. Alternative Dispute Resolution

We and the **Insureds** shall submit any dispute or controversy arising out of or relating to this Policy to non-binding mediation. Unless otherwise agreed to by the parties, such non-binding mediation shall be administered by the American Arbitration Association in accordance with its then prevailing Commercial Mediation Rules.

If the dispute is not resolved in the mediation, then either party to the mediation may thereafter commence a judicial proceeding against the other party with respect to such dispute, provided that neither party may commence such a judicial proceeding prior to ninety (90) days following termination of the mediation.

The parties to the mediation shall share equally the fees and expenses of the mediator as well as other common expenses of the mediation process.

### D. Authorization Clause

By acceptance of this Policy, the **Named Insured** agrees to act on behalf of the **Insureds** with respect to giving and receiving of notice of **Claims** or termination, paying premiums and receiving any return premiums that may become due under this Policy, agreeing to endorsements, and giving or receiving notices provided for in this Policy and the **Insureds** agree that the **Named Insured** shall act on their behalf.

No action shall lie against us unless, as a condition precedent thereto, the **Named Insured** and **Insureds** have complied fully with all terms of this Policy.

### E. Bankruptcy or Insolvency

Bankruptcy or insolvency of any **Insured** or of the estate of any **Insured** shall not relieve us of our obligations nor deprive us of our rights or defenses under this Policy. We shall have no obligation for any **Loss** or **Defense Costs** within the Self-Insured Retention.

### F. Changes in Exposure

#### 1. Acquisition or Creation of Another Organization

If during the **Policy Period** the **Named Insured**:

- a. acquires securities or voting rights in another organization or creates another organization, which as a result of such acquisition or creation becomes a **Subsidiary**; or
- b. acquires any organization by merger or consolidation,

then:

- (1) if the annual revenue of such acquired organization immediately preceding such acquisition is twenty-five percent (25%) or less of the consolidated annual revenue of all **Insureds** immediately preceding such acquisition, such organization and its **Insured Persons** shall automatically be covered under this Policy until the end of the **Policy Period** shown in the Declarations but only with respect to **Wrongful Acts** taking place or **Events** commencing after such acquisition or creation; or

(2) if the annual revenue of such acquired organization immediately preceding such acquisition is more than twenty-five percent (25%) of the consolidated annual revenue of all **Insureds** immediately preceding such acquisition, such organization and its **Insured Persons** shall automatically be covered under this Policy for a period of sixty (60) days but only with respect to **Wrongful Acts** taking place or **Events** commencing after such acquisition or creation if the **Named Insured** gives written notice of such acquisition or creation to us at the address shown in the Declarations as soon as practicable, but in no event later than sixty (60) days after the effective date of such acquisition or creation. The **Named Insured** shall also provide such information as we may require and shall pay any additional premium required by us.

## 2. Acquisition of Named Insured

If during the **Policy Period**:

- a. the **Named Insured** merges into or consolidates with another organization; or
- b. another organization, or person or group of organizations and/or persons acting in concert acquires securities or voting rights which result in ownership or voting control by the other organization(s) or person(s) of more than fifty percent (50%) of the outstanding securities representing the present right to vote for the election of directors or equivalent executives of the **Named Insured**,

then coverage under this Policy shall continue until the later of:

- (1) any subsequent date to which we may agree by endorsement; or
- (2) termination of this Policy,

but only with respect to **Claims** for **Wrongful Acts** taking place or **Events** commencing prior to such merger, consolidation or acquisition.

As a condition precedent to coverage under this Policy, the **Named Insured** shall give written notice of such merger, consolidation or acquisition to us at the address shown in the Declarations as soon as practicable but in no event later than forty-five (45) days after the effective date of such merger, consolidation or acquisition, the **Insureds** shall provide such information as we may require, and the **Named Insured** shall pay any additional premium required by us.

Any **Claim** made during the **Policy Period** and reported during such **Policy Period** or Extended Reporting Period shall be considered made during the **Policy Period** in which such merger, consolidation or acquisition occurred.

## 3. Cessation of Subsidiaries

If during the **Policy Period** an organization ceases to be a **Subsidiary**, then coverage with respect to such **Subsidiary** and its **Insured Persons** shall continue until termination of this Policy, but only with respect to **Claims** for **Wrongful Acts** taking place and **Events** commencing prior to the date such organization ceased to be a **Subsidiary**.

## G. Cooperation

The **Insureds** agree to provide us with all information, assistance and cooperation which we reasonably request and agree that in the event of a **Claim** or **Event**, the **Insureds** will do nothing that shall prejudice the our position or potential or actual rights of recovery.

## H. Notice

### 1. Notice of Claims

The **Insureds** shall, as a condition precedent to their rights under this Policy, give us written notice of any **Claim** first made against any **Insured** as soon as practicable once any director, **Executive Officer** or any person serving in a functionally equivalent position, becomes aware or receives notification of such **Claim** but in no event later than:

- a. the end of the **Policy Period**;
- b. sixty (60) days after expiration of the **Policy Period** for **Claims** first made during the last thirty (30) days of the **Policy Period**; or
- c. if purchased, the termination date of the Optional Extended Reporting Period.

Coverage, if any, for a **Claim** first made during the **Policy Period** and reported to us after the **Policy Period** as described above shall be determined under this Policy, not any renewal or replacement policy issued by us in effect at the time such **Claim** is reported to us.

2. Notice of a Circumstance

If during the **Policy Period** the **Insureds** first become aware of a **Circumstance** the **Insureds** may during the **Policy Period**, provide us with written notice of such **Circumstance** at the address indicated on the Declarations including therein all the following information:

- a. a detailed description of the **Circumstance**;
- b. the nature of any actual or possible injury or damages, if known; and
- c. how and when the **Insureds** first became aware of such **Circumstance**;

then any **Claim** that is subsequently made against the **Insureds** arising out of such **Circumstance** shall be deemed to have been made on the date we received notice of the **Circumstance** and such **Claim** shall be subject to the terms, conditions and remaining Limits of Liability, if any, of the Policy in effect when the **Circumstance** was reported to us.

3. Notice of an Event

The **Named Insured** shall give us written notice of an **Event** as soon as practicable but no later than thirty (30) days after the expiration of the **Policy Period**, whichever comes first. We and our employees and representatives shall maintain as confidential and shall not disclose such information or otherwise use such information except as required in the ordinary course of our business.

Any notice to us of an **Event** shall not constitute notice to us of a **Claim** or **Circumstance** which could give rise to a **Claim** pursuant to Subsection VIII.H.1. or VIII.H.2. of this Policy, unless such notice expressly states it also is a notice of **Claim** or **Circumstance** pursuant to Subsection VIII.H.1. or VIII.H.2. and otherwise conforms to the provisions of such Subsection.

4. Address and Content of Notices

For a notice pursuant to this Subsection VIII.H. to be effective, the **Insureds** shall:

- a. provide notice to us at the address shown in the Declarations for notice of **Claims, Circumstances** or **Events**;
- b. include within any notice of **Claim** or **Circumstance**, a description of the **Claim** or **Circumstance**, the nature of the alleged **Wrongful Act(s)**, the nature of the alleged or potential damage or loss, the names of actual or potential claimants, and the manner in which the **Insureds** first became aware of the **Claim** or **Circumstance**; and
- c. include within any notice of **Event**, a description of the **Event** and the manner in which the **Insureds** first became aware of the **Event**.

Notice attempted in any other manner or to any address other than the address shown in the Declarations for notice of **Claims, Circumstances** or **Events**, including without limitation information provided in connection with the application for a successor, renewal or replacement policy to this Policy, shall not be considered effective notice of a **Claim, Circumstance** or **Event**.

5. Other Notices

Notice to the **Insureds** shall be given to the **Named Insured** at the address shown in the Declarations.

Notice to us of any information other than the notice of a **Claim, Circumstance** or **Event** shall be given to us at the address shown in the Declarations.

Notice to an E-discovery service provider of a **Claim** shall not constitute notice to us of any **Claim** or **Circumstance** under this Subsection VIII.H.

6. Form and Delivery of Notice

All notices under this Policy shall be in writing and given by prepaid express courier, certified mail, e-mail or facsimile, properly addressed to the appropriate party and shall be deemed to be received and effective upon

actual receipt thereof by the respective party or one (1) day following the date such notice is sent, whichever is earlier, subject to proof of transmittal. Proof of mailing will be sufficient proof of notice.

All notices under this Policy, including all required or otherwise provided supporting information, must be submitted in English. In the event any such information is not available as an original document in English, the **Insured** shall supply, as a condition precedent to coverage, a complete copy of the original source material together with an English language translation certified by an independent expert. Any required translation costs shall be at the **Insured's** expense.

I. Other Insurance

If any **Loss, Defense Costs** or other amount, **Claim** or **Event** insured under this Policy is insured under any other bond(s) or policy(ies) issued to any **Insured**, then this Policy shall act as excess to any such bond(s) or policy(ies) and will cover such **Loss, Defense Costs** or other amount, **Claim** or **Event**, subject to its limitations, conditions, provisions and other terms, only to the extent that the amount of such **Loss, Defense Costs** or other amount, **Claim** or **Event** is in excess of the amount of payment owed from such other insurance whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as specific excess insurance over the Limits of Liability provided in this Policy. This Policy is written as specific excess of coverage available under any Extended Reporting Period.

J. Policy Termination

This Policy, including all purchased Coverage Parts, shall terminate at the earliest of the following times:

1. upon expiration of the **Policy Period** shown in the Declarations;
2. cancellation as described below:
  - a. This Policy may be canceled by the **Named Insured** by surrender thereof to us or any of our authorized representatives, or by mailing to us written notice stating when, thereafter, cancellation shall be effective.
  - b. If this Policy has been in effect for less than sixty (60) days, this Policy may be canceled by us for any reason.
  - c. If this Policy has been in effect for sixty (60) days or more or is a renewal of a policy issued by us, this Policy may not be canceled by us except for one (1) or more of the following reasons:
    - (1) nonpayment of premium; or
    - (2) fraud or material misrepresentation affecting the Policy.
  - d. Written notice of cancellation shall be mailed or delivered by us to the **Named Insured** at least:
    - (1) ten (10) days prior to the effective date of cancellation, if this Policy is canceled for nonpayment of premium; or
    - (2) sixty (60) days prior to the effective date of cancellation, if this Policy is canceled for any other reason.
  - e. We shall refund the unearned premium computed pro rata; or
3. nonrenewal. If we elect not to renew this Policy, we shall send written notice of nonrenewal at least sixty (60) days prior to expiration unless the **Named Insured** has obtained replacement coverage with another insurance company.

Any notice of cancellation or nonrenewal shall be given as provided in Subsection VIII.H. of these Common Policy Provisions.

K. Representations and Severability

1. Representations

The **Executive Officers** represent, warrant and acknowledge that the declarations, agreements, representations and warranties in the written **Application** for this Policy are true and complete, are the basis of this Policy and are to be considered as incorporated into and constituting a part of this Policy. This Policy is issued in reliance upon the truth and completeness of such representations.

## 2. Severability

Such written **Application** for coverage shall be construed as a separate **Application** by each of the **Insured Persons**. No statement in the **Application** or knowledge possessed by any **Insured Person** shall be imputed to any other **Insured Person** for the purpose of determining if coverage is available. Only the statements in the **Application** made by and knowledge possessed by any of your **Executive Officers** or any person serving in a functionally equivalent position for you, shall be imputed to all **Insureds** for the purpose of determining if coverage is available for any **Insured**.

However, in the event that such written **Application** contains misrepresentations or omissions made with the intent to deceive or which materially affect either the acceptance of the risk or the hazard assumed by us under the Policy, then coverage shall be void *ab initio* as to:

- a. any **Insured Person** who knew of such misrepresentations or omissions (whether or not such individual knew such **Application** contained such misrepresentations or omissions); or
- b. any **Insured** if any **Executive Officer** or signor of the **Application** knew of such misrepresentations or omissions).

## L. Subrogation

In the event of any payment under this Policy, we shall be subrogated to all the **Insureds'** rights of recovery against any person or organization and the **Insureds** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The **Insureds** shall do nothing to prejudice such rights.

We shall not exercise any such rights against any persons, firms or corporations included in the definition of **Insured** or against the **Insured's** clients if, prior to the **Claim**, the **Insured** contractually entered into a legally enforceable waiver of subrogation.

Any recovery obtained through subrogation, after expenses incurred in such subrogation are deducted by the party bearing the expense, shall be applied proportionately to the **Insured** and the **Named Insured** based on the actual payments made as a result of judgment, settlement or defense of a **Claim**.

## M. Territory and Valuation

Coverage under this Policy shall extend to **Claims** made, **Wrongful Acts** or **Events** taking place, and **Loss** incurred anywhere in the world, where permitted by applicable law. All premiums, Limits of Liability, Self-Insured Retentions, **Loss**, **Defense Costs** and any other amounts under this Policy are expressed and payable in the currency of the United States of America. If judgment is rendered, settlement is denominated or another element of **Loss** under this Policy is stated in a currency other than United States dollars, payment under this Policy shall be made in United States dollars at the rate of exchange published in *The Wall Street Journal* on the date the final judgment is reached, the amount of the settlement is agreed upon, or the other element of **Loss** is due, respectively, or, if not published on such date, the next date of publication of *The Wall Street Journal*.

Endorsement #



# Reliance Upon Other Insurer's Application Endorsement

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

Policy No. EOC-0632578-02

Effective Date: 7/1/2021

This endorsement modifies insurance provided under the:

### Common Policy Provisions

<input type="checkbox"/>	<b>Architects &amp; Engineers Professional Liability Coverage Part</b>	<input type="checkbox"/>	<b>Miscellaneous Professional Liability Coverage Part</b>
<input type="checkbox"/>	<b>Educators Legal Liability Coverage Part</b>	<input type="checkbox"/>	<b>Police Professional Liability Coverage Part</b>
<input checked="" type="checkbox"/>	<b>Employment Practices and Third Party Discrimination Liability Coverage Part</b>	<input checked="" type="checkbox"/>	<b>Public Officials Errors and Omissions Liability Coverage Part</b>
<input type="checkbox"/>	<b>Expanded Security and Privacy Coverage Part</b>	<input type="checkbox"/>	<b>Security and Privacy Coverage Part</b>
<input type="checkbox"/>	<b>Manufacturers Errors and Omissions Liability Coverage Part</b>	<input type="checkbox"/>	<b>Technology Liability Coverage Part</b>
<input type="checkbox"/>	<b>Media Liability Coverage Part</b>		

It is agreed that:

Subsection V.A. of the Common Policy Provisions is replaced with the following:

**A. Application** means:

1. the application for this Policy or any other application accepted by us;
2. the application(s) for all previous policies of which this Policy is a direct or indirect renewal or replacement; and
3. all attachments and materials submitted in connection with or incorporated in the application(s) described in Subsection A.1. or A.2. above.

Accordingly, all declarations, agreements and representations made in the application referenced above are also made to us and, as more fully set forth in Subsection VIII.K. Representations and Severability of these Common Policy Provisions and elsewhere in this Policy, have been relied upon by us as the basis for this Policy. The application and materials described above shall be retained on file by us and deemed attached to and incorporated into this Policy.

All other terms, conditions, provisions and exclusions of this policy remain the same.

Endorsement #



## Kentucky Amendatory Endorsement

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

Policy No. EOC-0632578-02

Effective Date: 7/1/2021

This endorsement modifies insurance provided under the:

### Common Policy Provisions

It is agreed that:

Subsection VIII. of the Common Policy Provisions is amended as follows:

A. The following is added to Subsection VIII.J.2.b.:

Provided, however, cancellation is prohibited based on the reasons identified in Kentucky Statute 304.20-340.

B. Subsection VIII.J.2.d. is replaced with the following:

Written notice of cancellation shall be mailed or delivered by us to the **Named Insured** at least:

(1) fourteen (14) days prior to the effective date of cancellation, if this Policy is canceled for nonpayment of premium; or

(2) seventy-five (75) days prior to the effective date of cancellation, if this Policy is canceled for any other reason.

C. Subsection VIII.J.3. is replaced with the following:

3. nonrenewal. If we elect not to renew this Policy, we shall mail written notice of nonrenewal at least seventy-five (75) days prior to expiration. Such notice shall state the specific reason(s) for nonrenewal.

D. The last sentence of Subsection VIII.J. is replaced with the following:

Any notice of cancellation or nonrenewal shall be given as provided in Subsection VIII.H.6. of these Common Policy Provisions. Notice of cancellation or nonrenewal shall be given to the **Named Insured** at the **Named Insured's** last known mailing address.

E. The following is added to Subsection VIII.J.:

#### Conditional Renewal

If we elect to renew this Policy subject to a rate increase of more than twenty-five percent (25%), we shall mail written notice of the change(s) so the **Named Insured** at least seventy-five (75) days prior to the expiration of the **Policy Period**. We shall mail or deliver to the **Named Insured**, at the last known address of the Named Insured, a notice for the renewal premium amount and we shall mail or deliver to its agent, if any, a duplicate notice of the premium amount.

F. The first sentence of Subsection VIII.K.1. is replaced with the following:

The **Executive Officers** represent and acknowledge that the declarations, agreements and representations in the written **Application** for this Policy are true and complete, are the basis of this Policy and are to be considered as incorporated into and constituting a part of this Policy.

All other terms, conditions, provisions and exclusions of this policy remain the same.



Endorsement #



## Deductible Endorsement

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Policy No. EOC-0632578-02

Effective Date: 7/1/2021

This endorsement modifies insurance provided under the:

**Common Policy Provisions**

It is agreed that:

Solely with respect to coverage provided under this endorsement:

- I. Section II. CLAIM DEFENSE AND SETTLEMENT of the Common Policy Provisions is deleted and replaced with the following:

We shall have the right and duty to defend any **Claims** made against the **Insureds** which are covered by the Coverage Parts that provide **Liability Coverage**, even if the allegations are groundless, false, or fraudulent. Our right and duty to defend includes, without limitation, the right and duty to select defense counsel. Our duty to defend any **Claim** and to pay **Loss** and **Defense Costs** for such **Claim** ends when the applicable Limit of Liability or Sublimit has been exhausted.

We may investigate any such **Claim**, or any **Event**, as we deem necessary and make any settlement or compromise of such **Claim** as we deem expedient with the **Insured's** consent, but our right and duty to defend ends when the applicable Limit of Liability or Sublimit is exhausted by payment of **Loss**. If we recommend a settlement of any such **Claim** acceptable to the claimant and the **Insured** refuses to consent to such settlement then, subject to the applicable Limit of Liability, our liability for such **Claim** will not exceed:

- A. the amount for which such **Claim** could have been settled by us plus **Defense Costs** up to the date the **Insured** refused to settle such **Claim**; plus
- B. fifty percent (50%) of any **Loss** and **Defense Costs** in excess of Subsection II.A. above incurred in such **Claim**. The remaining **Loss** and **Defense Costs** will be uninsured and borne by the **Insured** at its own risk.

The **Insureds** agree not to settle any **Claim**, incur any **Defense Costs**, otherwise assume any contractual obligation, or admit any liability with respect to any **Claim** without our prior written consent. We shall not be liable for any settlement, **Defense Costs**, assumed obligation, or admission to which we have not consented. However, such consent shall not be required if the aggregate **Loss** is equal to or less than any applicable Deductible shown in the Declarations. Neither we nor the **Insureds** shall unreasonably withhold any consent referenced in this Section II.

As a condition precedent to their rights under all Coverage Parts, the **Insureds** shall provide us with all information, assistance and cooperation which we reasonably request and, in the event of a **Claim** or **Event**, the **Insureds** will do nothing that shall prejudice our position or our potential or actual rights of recovery.

- II. Section VII. LIMITS OF LIABILITY AND SELF-INSURED RETENTION is amended as follows:

- A. The title of Section VII. LIMITS OF LIABILITY AND SELF-INSURED RETENTION is deleted, and replaced with the following:

VII. LIMITS OF LIABILITY AND DEDUCTIBLE

- B. Subsection VII.B. Self-Insured Retention is deleted, and replaced with the following:

B. Deductible

Our liability for **Loss** and **Defense Costs** on account of each **Claim** or **Event** shall apply only to that part of such **Loss** and **Defense Costs** in excess of the applicable Deductible for each Coverage Part, as shown in the Declarations. The Deductible is within and part of the Limit of Liability for the applicable Coverage Part.

In the event more than one Deductible applies to any **Claim**, the maximum total Deductible applicable to such **Claim** shall be the largest of such applicable Deductibles.

Neither **Public Relations Expenses, Supplementary E-Discovery Expenses, E-Discovery Consulting Services**, nor payment under the Travel and Participation Reimbursement for Claims or State Licensing and Regulatory Board Legal Expense Reimbursement Extensions shall be applied towards satisfaction of any applicable Deductible under this Policy.

III. The following is added to Section VIII. CONDITIONS:

Failure to Reimburse Deductible

If the **Insured** fails to promptly reimburse us for any Deductible amount(s) paid by us, such failure shall be a breach of a condition precedent to coverage under this Policy.

All other terms, conditions, provisions and exclusions of this policy remain the same.

Endorsement #



## Amended Fraud Exclusion Endorsement

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

Policy No. EOC-0632578-02

Effective Date: 7/1/2021

This endorsement modifies insurance provided under the:

### **Common Policy Provisions**

It is agreed that:

Solely with respect to the Public Officials Error and Omissions Liability Coverage Part, Employment Practices and Third Party Discrimination Liability Coverage Part, and Security and Privacy Coverage Part, if purchased, Subsection VI.F. of the Common Policy Provisions is replaced with the following:

F. Dishonest, Fraudulent, Criminal, Malicious, or Intentional Act

based upon, arising out of, or attributable to any:

1. dishonest, fraudulent, criminal, or malicious act or omission, or any intentional or knowing violation of law by the **Insured**; or
2. gaining of or the attempt to gain any profit, remuneration, or financial or non-financial advantage to which the **Insured** was not legally entitled;

provided, however, this exclusion shall not apply to **Defense Costs** or our duty to defend any such **Claim** unless and until there is a final, non-appealable judgment against, binding arbitration decision against, adverse admission under oath by, finding of fact against the **Insured** which establishes such dishonest, fraudulent, criminal, or malicious act or omission, or any intentional or knowing violation of law occurred or such profit, remuneration, financial or non-financial advantage was gained, at which time the **Insured** shall reimburse us for any **Defense Costs** paid by us on behalf of such **Insured** resulting from such **Claim**.

This exclusion shall not apply to an **Insured** who did not commit, participate in, or have knowledge of any of the acts described in this exclusion;

All other terms, conditions, provisions and exclusions of this policy remain the same.

**Zurich Pro Plus<sup>®</sup>**  
**Employment Practices and Third Party**  
**Discrimination Liability Coverage Part**



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# Employment Practices and Third Party Discrimination Liability Coverage Part



## I. INSURING AGREEMENTS

### A. EMPLOYMENT PRACTICES LIABILITY COVERAGE

We shall pay on behalf of the **Insureds** all **Loss** for which the **Insureds** become legally obligated to pay and **Defense Costs** on account of a **Claim** brought and maintained by or on behalf of any past, present, future or prospective **Employee** for an **Employment Practices Wrongful Act** taking place on or after the Retroactive Date for this Coverage Part, as stated in the Declarations, and prior to the end of the **Policy Period**. **Claims** must first be made against the **Insureds** during the **Policy Period** and reported to us pursuant to Subsection VIII.H. of the Common Policy Provisions.

### B. THIRD PARTY DISCRIMINATION LIABILITY COVERAGE

We shall pay on behalf of the **Insureds** all **Loss** for which the **Insureds** become legally obligated to pay and **Defense Costs** on account of a **Claim** brought and maintained by or on behalf of any natural person (including customers, vendors, service providers and other business invitees) other than an **Insured Person** for a **Third Party Discrimination Wrongful Act** taking place on or after the Retroactive Date for this Coverage Part, as stated in the Declarations, and prior to the end of the **Policy Period**. **Claims** must be first made against the **Insureds** during the **Policy Period** and reported to us pursuant to Subsection VIII.H. of the Common Policy Provisions.

## II. DEFINITIONS

When used in this Coverage Part, the following terms, whether in the singular or plural, are defined as follows:

### A. **Claim** means:

1. a written demand against any **Insured** for monetary damages or non-monetary or injunctive relief commenced by the **Insured's** receipt of such demand, including a written demand that the **Insured** toll or waive a statute of limitations;
2. a civil proceeding against any **Insured** commenced by the service and receipt of a complaint or similar pleading;
3. an administrative or regulatory proceeding against any **Insured**, including a proceeding before the Equal Employment Opportunity Commission or a similar state or local governmental body, commenced by the receipt of a notice of charges or similar document;
4. a civil, administrative or regulatory investigation of any **Insured** commenced by the service upon or receipt by the **Insured Person** of a target letter or other written notice from the investigating authority identifying by name the **Insured Person** as an individual against whom a proceeding may be commenced; or
5. an arbitration, mediation, or alternative dispute resolution proceeding against any **Insured** commenced by the receipt of a demand for the same,

for a **Wrongful Act**, including any appeal therefrom; provided **Claim** does not include a labor or grievance proceeding pursuant to a collective bargaining agreement.

### B. **Crisis Event** means any of the following events, which shall be deemed to commence (i) when the event occurs, or (ii) when your chief executive officer, chief financial officer, in-house general counsel or human resource manager first becomes aware that such event will likely occur within the next ninety (90) days, whichever is earlier:

1. layoff/termination which impacts twenty percent (20%) or greater of the workforce;
2. acquisition of an organization which necessitates a reorganization of twenty percent (20%) or greater of the workforce;

3. internal notification to the Human Resource Department or other designated internal representative of allegations of discrimination or harassment implicating executive level **Employees**;
5. receipt by the **Insured** of notice that a civil rights organization, public interest group or like organization is investigating the **Insured** for alleged violations of employment or similar laws or is distributing literature which accuses the **Insured** of violations of employment or similar laws; or
6. congressional inquiry regarding violations of employment or similar laws.

C. **Employee** means:

1. any natural person in your regular service in the ordinary course of your business and whom you compensate by salary, wages and/or commissions and you have the right to govern and direct in the performance of such service, including any such natural persons who are leased, temporary, part-time or seasonal employees of yours;
2. any natural person independent contractors who are treated under applicable law as your employees;
3. your volunteers; and
4. your interns;

provided any coverage for leased employees or independent contractors shall be specifically excess of any indemnification or insurance otherwise available to the leased employees or independent contractors from the applicable leasing company or any other source, and provided that volunteers and interns are **Employees** only to the extent they are performing services for you.

D. **Employment Practices Wrongful Act** means any act, error, omission, misstatement, misleading statement, neglect or breach of duty actually or allegedly committed or attempted by the **Insured** in their capacity as such in connection with any actual or alleged:

1. breach of any express or implied employment contract;
2. violations of any law or public policy concerning discrimination in employment whether based upon race, national origin, religion, sex, age, sexual preference, marital status, military status, disability, medical leave or genetic predisposition; or
3. wrongful termination; failure or refusal to hire or promote; wrongful discipline; wrongful reference; deprivations of a career opportunity; demotion or adverse change in terms, conditions or status of employment; wrongful failure to grant tenure; humiliation; retaliation for asserting a legal right; workplace harassment including offensive, intimidating, coercive or unwelcome conduct, advances, contact or communications; negligent hiring, retention, supervision, training or performance evaluation; and employment-related misrepresentation, defamation, invasion of privacy or infliction of emotional distress.

E. **ERISA** means the Employee Retirement Income Security Act of 1974, as amended and including but not limited to, amendments pursuant to Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), the Health Insurance Portability and Accountability Act of 1996 (HIPAA), the Newborns' and Mothers' Health Protection Act of 1996, the Mental Health Parity Act of 1996, the Woman's Health and Cancer Rights Act of 1998, and the Pension Protection Act of 2006, the Mental Health Parity and Addiction Equity Act of 2008, the Genetic Information Nondiscrimination Act of 2008, the Children's Health Insurance Program Reauthorization Act of 2009, the Patient Protection and Affordable Care Act and the Health Care and Education Act of 2010, as amended, or any similar statutory or common law anywhere in the world, where permitted.

F. **Independent Contractor** means any natural person who is not an **Employee** and who is working for you in the capacity of an independent contractor pursuant to an express contract or agreement with you which governs the nature of such person's engagement.

G. **Insured** means you and the **Insured Persons**.

H. **Insured Persons** means:

1. any natural persons who were, now are or shall become your duly elected or appointed director, trustee, governor, **Manager**, officer, **Employee** (including employed lawyers solely in their capacity as an **Employee**), advisory director, or member of a committee or board duly constituted by you, or their functional equivalent; or

2. any **Independent Contractor**, but only if you agree in writing within thirty (30) days after the **Claim** is made to provide indemnification to such **Independent Contractor** for any **Loss** arising out of such **Claim**; provided any coverage under this Coverage Part for any such **Independent Contractor** shall be specifically excess of any indemnification or insurance otherwise available to such **Independent Contractor** from any other source.
- I. **Loss** means the total amount the **Insureds** become legally obligated to pay on account of **Claims** made against them for **Wrongful Acts** for which coverage applies, including damages (including back pay and front pay), judgments, any award of pre-judgment and post-judgment interest with respect to covered damages, settlements, prevailing plaintiff attorney's fees awarded pursuant to Section 1988 of the Civil Rights Act, and liquidated damages awarded under the Age Discrimination in Employment Act, the Equal Pay Act or the Family Medical Leave Act.
    1. **Loss** shall include punitive, exemplary, or multiple damages or attorneys' fees to the extent such damages and costs are insurable under the laws of any applicable jurisdiction most favorable to the **Insureds**, including any jurisdiction where:
      - a. such damages or costs were awarded or imposed;
      - b. any **Wrongful Act** underlying the **Claim** took place;
      - c. either we are or any **Insured** is incorporated, has its principal place of business or resides; or
      - d. this Policy was issued or became effective.
    2. **Loss** does not include:
      - a. any amount for which the **Insureds** are absolved from payment by any covenant, agreement, or court order;
      - b. taxes, fines or penalties (other than punitive, exemplary, or multiple damages) imposed by law;
      - c. the cost, fees or expenses to comply with any injunctive, declaratory, affirmative, or other non-monetary relief or any agreement to provide any such relief, including any costs associated with providing any reasonable accommodations required by, made as a result of, or to conform with the requirements of, the Americans with Disabilities Act and any amendments thereto or any similar federal, state, local or foreign statute, regulation, or common laws;
      - d. compensation earned by the claimant in the course of employment but not paid by the **Insured**, including any unpaid salary, commission, bonus, hourly pay, overtime pay, severance pay, retirement benefits, vacation days, sick days, perquisites, stock options or similar rights; provided this shall not apply to any back pay or front pay or any additional compensation allegedly due as a result of alleged discrimination or wrongful dismissal, discharge or termination of employment;
      - e. amounts owing under or assumed by the **Insured** pursuant to a written contract with or written severance obligation of yours; but this shall not apply if and to the extent that liability would have attached to the **Insureds** in the absence of the written contract with or obligation of the **Company**;
      - f. medical, insurance or other benefits (or the equivalent value thereof) to which the claimant allegedly was entitled or would have been entitled had the **Insured** provided the claimant with a continuation or conversion of insurance;
      - g. **Defense Costs**;
      - h. **Supplementary E-Discovery Expense and E-Discovery Consulting Services**; or
      - i. matters uninsurable under the law pursuant to which this Policy is construed.
  - J. **Third Party Discrimination Wrongful Act** means any act, error, omission, neglect, or breach of duty actually or allegedly committed or attempted by an **Insured** their capacities as such in connection with any actual or alleged violation of any law or public policy concerning discrimination or harassment.
  - K. **Wrongful Act** means an **Employment Practices Wrongful Act** and **Third Party Discrimination Wrongful Act**.

### III. EXCLUSIONS

A. This Policy does not apply to **Loss** or **Defense Costs** on account of any **Claim** or **Event**, or for **Supplementary E-Discovery Expense** and **E-Discovery Consulting Services**:

1. Bodily Injury or Property Damage

based upon, arising out of, or attributable to any **Bodily Injury** or **Property Damage**;

2. Continued or Reinstated Employment

based upon, arising out of, or attributable to the employment reinstatement or continued employment of the claimant by you or, if you have the option pursuant to an adjudication or settlement to reinstate the claimant as an **Employee** but fails to do so, any **Loss** constituting front pay, future damages or other future economic relief or the equivalent thereof with respect to such claimant;

3. Independent Contractor Agreements

based upon, arising out of, or attributable to any actual or alleged breach of any contract or agreement with an **Independent Contractor** specifying the terms of your engagement of an **Independent Contractor**;

4. Intellectual Property

based upon, arising out of, or attributable to any actual or alleged:

- a. invalidity, infringement, violation or misappropriation of any patent, copyright, service mark, trademark, trade name, collective mark, certification mark, registered mark or any other intellectual property right; or
- b. misappropriation or disclosure of a trade secret;

B. Solely with respect to this Coverage Part, Subsection VI.W. of the Common Policy Provisions is replaced with the following:

Violation of Imposed Responsibilities, Obligations or Duties

based upon, arising out of or attributable to any actual or alleged violation of the responsibilities, obligations or duties imposed by any of the following:

1. **ERISA** (except Section 510 thereof);
2. the Fair Labor Standards Act (except the Equal Pay Act) and any other law concerning wage and hour practices, including but not limited to any **Claim** for off-the-clock work, failure to provide rest or meal periods, failure to reimburse expenses, improper classification of employees as exempt or non-exempt, failure to timely pay wages, conversions, unjust enrichment, or unfair business practices;
3. the National Labor Relations Act;
4. the Worker Adjustment and Retraining Notification Act;
5. the Consolidated Omnibus Budget Reconciliation Act of 1985;
6. the Occupational Safety and Health Act;
7. the Racketeer Influenced and Corrupt Organizations Act;
8. the Federal False Claims Act; or
9. rules or regulations promulgated under any of such statutes or laws, amendments thereto or similar provisions of any federal, state, local or foreign statutory law or common law,

but this exclusion shall not apply to any **Claim** for any actual or alleged retaliatory treatment of the claimant by the **Insured** on account of the claimant's exercise of rights pursuant to any such law, rule or regulation or for any other actual or alleged violation of any whistleblower statute or law.

C. Solely with respect to this Coverage Part, Subsections VI.I.1. and VI.M. of the Common Policy Provisions does not apply.



#### IV. LIMITS OF LIABILITY

A. Solely with respect to this Coverage Part, the following is added to Subsection VII.A.2. of the Common Policy Provisions:

Our maximum liability for all **Loss and Defense Costs** on account of all **Claims** for **Third Party Discrimination Wrongful Acts**, combined, covered under this Coverage Part shall not exceed the Aggregate Limit of Liability shown in the Declarations for the Aggregate Sublimit for all **Third Party Discrimination Wrongful Act Claims**.

Endorsement #



# Independent Contractor Endorsement

(Exclusion Amended)

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

Policy No. EOC-0632578-02

Effective Date: 7/1/2021

This endorsement modifies insurance provided under the:

**Employment Practices and Third Party Discrimination Liability Coverage Part**

It is agreed that:

Solely with respect to the coverage provided under this endorsement for the Employment Practices and Third Party Discrimination Liability Coverage Part, the Coverage Part is amended as follows:

I. Subsection II.C. is replaced with the following:

C. **Employee** means the following:

1. any natural persons in your regular service in the ordinary course of your business and whom you compensate by salary, wages and/or commissions and have the right to govern and direct in the performance of such service, including any such natural persons who are your leased, temporary, part-time or seasonal employees;
2. your volunteers; and
3. your interns,

provided any coverage for any such leased employees shall be specifically excess of any indemnification or insurance otherwise available to such leased employees from the applicable leasing company or any other source, and provided that volunteers are **Employees** only to the extent they are performing services for you.

II. Subsection II.F. is deleted.

III. Subsection II.H.2 is deleted.

IV. Subsection III.A.3. is replaced with the following:

3. Independent Contractor Agreements

based upon, arising out of, or attributable to any actual or alleged breach of any contract or agreement with an independent contractor specifying the terms of your engagement of an independent contractor;

All other terms, conditions, provisions and exclusions of this policy remain the same.

Endorsement #



## Strike Endorsement (Exclusion Added)

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

Policy No. EOC-0632578-02

Effective Date: 7/1/2021

This endorsement modifies insurance provided under the:

### **Employment Practices and Third Party Discrimination Liability Coverage Part**

It is agreed that:

Solely with respect to the Employment Practices and Third Party Discrimination Liability Coverage Part, the following exclusion is added to Subsection III. EXCLUSIONS of the Coverage Part:

Labor Negotiations, Disputes and Strikes

based upon, arising out of, attributable to, or in any way directly or indirectly related to a lockout, strike, picket line, hiring of replacement workers, outsourcing or other similar actions in connection with labor disputes or labor negotiations.

All other terms, conditions, provisions and exclusions of this policy remain the same.

**Zurich Pro Plus<sup>®</sup>**  
**Public Officials Error and Omissions Liability**  
**Coverage Part**



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# Public Officials Error and Omissions Liability Coverage Part



## I. INSURING AGREEMENTS

### PUBLIC OFFICIALS LIABILITY

We shall pay on behalf of the **Insureds** all **Loss** for which the **Insureds** become legally obligated to pay and **Defense Costs** on account of any **Claim** for a **Wrongful Act** taking place on or after the Retroactive Date for this Insuring Agreement, as stated in the Declarations, and prior to the end of the **Policy Period**. **Claims** must first be made during the **Policy Period** and reported to us pursuant to Subsection VIII.H. of the Common Policy Provisions.

## II. DEFINITIONS

When used in this Coverage Part, the following terms, whether in the singular or plural, are defined as follows:

A. **Abusive Act** means any act or series of acts of actual or threatened abuse or molestation done to any person, resulting in injury to that person, including any act or series of acts of actual or threatened sexual abuse or sexual molestation done to any person, resulting in injury to that person, by anyone who causes or attempts to cause the person to engage in a sexual act:

1. without the consent of or by threatening the person, placing the person in fear or asserting undue influence over the person;
2. if that person is incapable of appraising the nature of the conduct or is physically incapable of declining participation in or communicating unwillingness to engage in the sexual act; or
3. by engaging in or attempting to engage in lewd exposure of the body done with intent to arouse or to satisfy the sexual desire of that person.

All acts of actual or threatened abuse or molestation done to one person, regardless of (a) the identity or number of persons committing the **Abusive Act**, (b) the period of time over which the **Abusive Act** occurs, or (c) the time or nature of the injury resulting from the **Abusive Act**, shall be deemed to be one **Abusive Act**.

B. **Claim** means:

1. a written demand against any **Insured** for monetary or non-monetary relief, or a written demand to cease and desist commenced by the **Insured's** receipt of such demand;
2. a civil proceeding against any **Insured** for damages, injunctive relief, or declaratory relief commenced by the service upon the **Insured** of a complaint, or similar pleading, including any appeal thereof;
3. an arbitration or other alternative dispute resolution proceeding against any **Insured** commenced by the **Insured's** receipt of a request or demand for such proceeding, including any appeal thereof; or
4. a written request received by an **Insured** to toll or waive a statute of limitations relating to a **Claim** as described above.

C. **Crisis Event** means any of the following:

1. the incapacity, death or criminal indictment of any elected or appointed official of the **Named Insured**;
2. the disclosure of the **Named Insured's** intention to file or its actual filing for protection under federal bankruptcy laws;
3. a third-party's intention to file or its actual filing of an involuntary bankruptcy petition under federal bankruptcy laws with respect to the **Named Insured**;
4. the cancellation, withdrawal or revocation of five hundred thousand dollars (\$500,000) or more in funding, donation(s), grant(s) or bequest(s) by a non-government entity or person to the **Named Insured**; or
5. the disclosure of threatened or actual commencement by a third-party of an action, audit or investigation alleging a **Wrongful Act**;

however, **Crisis Event** shall not include any **Event** that may otherwise be covered under another Coverage Part of this Policy whether or not such Coverage Part was purchased.

- D. **First Aid** means any assistance of a medical nature rendered or provided by an **Insured Person** in an emergency situation, including, but not limited to, emergency cardiopulmonary resuscitation (CPR) or first aid services, for which no remuneration is demanded or received.
- E. **Insured** means:
1. the **Named Insured**;
  2. commissions, boards, or other units, and members and employees thereof, operated by and under the **Named Insured's** jurisdiction and within an apportionment of the total operating budget indicated in the application for this Policy; and
  3. the **Insured Persons**.
- F. **Insured Persons** means the following, but only to the extent such persons are acting solely in their capacities as legally authorized representatives of the **Named Insured**:
1. all persons who were, now are or shall be lawfully elected or duly appointed officials or employees;
  2. volunteers acting for or on behalf of the **Named Insured**, and at the **Named Insured's** written request and under the **Named Insured's** direction; and
  3. elected or duly appointed officials, duly appointed at the **Named Insured's** written request to serve with an outside tax exempt entity.
- G. **Loss** means the total amount which the **Insureds** become legally obligated to pay on account of **Claims** made against them for **Wrongful Acts** for which coverage applies, including damages, judgments, pre-judgment and post-judgment interest, and settlements.
1. **Loss** shall include punitive, exemplary, or multiple damages if and to the extent such damages are insurable under the laws of any state or jurisdiction most favorable to the **Insured** including any state or jurisdiction where:
    - a. such damages were awarded or imposed;
    - b. any **Wrongful Act** underlying the **Claim** took place;
    - c. either we are or any **Insured** is incorporated, has its principal place of business or resides; or
    - d. this Policy was issued or became effective.
  2. **Loss** does not include:
    - a. any amount for which the **Insureds** are absolved from payment by any covenant, agreement, or court order;
    - b. taxes, fines or penalties (other than punitive, exemplary, or multiple damages) imposed by law, including but not limited to, penalties imposed by the Internal Revenue Service;
    - c. the cost, fees or expenses to comply with any injunctive, affirmative, or other non-monetary relief or any agreement to provide any such relief;
    - d. **Public Relations Expenses**;
    - e. **Supplementary E-Discovery Expense** and **E-Discovery Consulting Services**;
    - f. **Defense Costs**; or
    - g. matters which are uninsurable under the law pursuant to which the terms of this policy shall be construed.
- H. **Medical Services** means:
1. medical, surgical, psychiatric, dental, nursing, pediatric or chiropractic examination, diagnostic imaging or treatment to any person including the furnishing of food or beverage in connection therewith;
  2. counseling or social services;

3. furnishing or dispensing of drugs or medical, surgical, psychiatric, dental, pediatric, or chiropractic supplies or appliances; or
  4. handling of or performing post-mortem examination on human bodies.
- I. **Wrongful Act** means any actual or alleged act, error, omission, misstatement, misleading statement, neglect or breach of duty by the **Insured** while discharging his or her duties on behalf of the **Named Insured**.

### III. EXCLUSIONS

This Policy does not apply to **Loss** or **Defense Costs** on account of any **Claim** or **Event**, or for **Supplementary E-Discovery Expense** and **E-Discovery Consulting Services**:

A. Abusive acts

based upon, arising out of or attributable to any actual or alleged **Abusive Act**;

B. Bodily Injury, Mental Anguish, Personal Injury or Property Damage

based upon, arising out of, or attributable to **Bodily Injury, Mental Anguish, Personal Injury** or **Property Damage**;

C. Construction, Architectural or Engineering Contracts

based upon, arising out of or attributable to any construction, architectural or engineering contracts;

D. Eminent Domain and Adverse Possession

based upon, arising out of or attributable to the operation of the laws and principles of eminent domain, condemnation, inverse condemnation, temporary or permanent taking, adverse possession or dedication by adverse use;

E. Employment Related Practices

based upon, arising out of or attributable to any actual or alleged:

1. refusal to employ;
2. termination of a person's employment, including constructive dismissal;
3. violations of employment-related practices, policies, acts, or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination, malicious prosecution; or
4. other wrongful employment-related practices,

provided this exclusion applies:

- a. whether such conduct occurs before employment, during employment or after employment of that person; or
- b. whether the **Insured** may be liable as an employer or in any other capacity;

F. Failure to Maintain Insurance

based upon, arising out of or attributable to the failure to effect or maintain any insurance or bond, which shall include, but not be limited to, insurance provided by self-insurance arrangements, pools, self-insurance trusts, captive insurance companies, retention groups, reciprocal exchanges or any other plan or agreement of risk transfer or assumption. However, this exclusion will not apply to the unintentional non-payment of premium;

G. Intellectual Property

based upon, arising out of, or attributable to any:

1. invalidity, infringement, violation or misappropriation of any patent, copyright, service mark, trademark, trade name, collective mark, certification mark, registered mark or any other intellectual property right; or
2. misappropriation or disclosure of a trade secret;

H. Medical Services

based upon, arising out of or attributable to the rendering or failure to render **Medical Services**, other than **First Aid**;

I. Non-Monetary Damage

seeking relief or redress in any form other than monetary damages. However, we will afford defense to the insured for such **Claims**, if not otherwise excluded, where compensatory damages are requested;

J. Operations and Activities

based upon, arising out of or attributable to the operation of or activities of any law enforcement agencies, jails or detention facilities, firefighting authorities, schools, hospitals, clinics, nursing homes or other health care operations, unless specifically added by endorsement to this Policy;

K. Pollution

based upon, arising out of or attributable to:

1. the actual, alleged or threatened discharge, release, escape, seepage, migration or disposal of **Pollutants** at any time; or
2. any claim, suit, direction or request that the **Insured** test for, monitor, clean up, remove, contain, treat, detoxify or neutralize **Pollutants**, or any voluntary decision to do so.

This exclusion applies whether or not such **Pollutants** have any function in the **Insureds'** operations, premises, site or location and regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to any **Loss** or **Defense Costs** associated with such **Pollutants**;

L. Professional Services

based upon, arising out of or attributable to the rendering or failure to render professional services provided by any lawyer, architect, building inspector, engineer or accountant to any person or entity other than the **Named Insured** or any commissions, boards departments or other units operated by the **Named Insured** or under the **Named Insured's** jurisdiction;

M. Taxes and Investments

based upon, arising out of or attributable to:

1. the improper administration or collection of taxes, including but not limited to, tax assessments or adjustments, the collection, refund, disbursement or application of any taxes, failure to anticipate tax revenue shortfalls;
2. investments commonly known as derivatives, including but not limited to floaters, inverse floaters, interest rate swaps and strips; or
3. any actual or alleged violation of state or local laws or regulations pertaining to the type of investment which is permitted for state or local government or agencies or government sponsored plans' funds.

IV. LIMITS OF LIABILITY

Solely with respect to this Coverage Part, the following is added to Subsection VII.A. of the Common Policy Provisions:

Payment of Defense Costs

- a. We shall pay **Defense Costs** in excess of the applicable Self-Insured Retention and up to the Dedicated Defense Limit of Liability shown in the Declarations without reduction of the applicable Limit of Liability. The total amount of such **Defense Costs** payment by us shall be capped at the amount of the Dedicated Defense Limit of Liability, and is not on a per **Claim** basis.
- b. Once we have paid the Dedicated Defense Limit of Liability shown in the Declarations in aggregate **Defense Costs** arising from or relating to any and all matters, all further payments by us for **Defense Costs** shall reduce the applicable Limit of Liability.



Endorsement #



## Amend Definition of Insured Persons

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

Policy No. EOC-0632578-02

Effective Date: 7/1/2021

This endorsement modifies insurance provided under the:

**Public Officials Error and Omissions Liability Coverage Part**

It is agreed that:

Subsection II.F.3. is deleted.

All other terms, conditions, provisions and exclusions of this policy remain the same.

Endorsement #



## Amend Definition of Wrongful Act Endorsement (Public Officials)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Policy No. EOC-0632578-02

Effective Date: 7/1/2021

This endorsement modifies insurance provided under the:

**Public Officials Error and Omissions  
Liability Coverage Part**

It is agreed that:

I. Subsection II.I. is replaced with the following:

**Wrongful Act** means any actual or alleged act, error, omission, misstatement, misleading statement, neglect, civil rights violation or breach of duty by the **Insured** while discharging his or her duties on behalf of the **Named Insured** including any actual or alleged violation of any law or public policy concerning discrimination or harassment.

All other terms, conditions, provisions and exclusions of this policy remain the same.

# **ATTACHMENT 1c-3**

# Commercial Insurance Policy

**Insured Name:** Big Sandy Water District  
**Policy Number:** CPO-0632579-02  
**Effective Date:** 7/1/2021



**THIS DISCLOSURE IS ATTACHED TO AND MADE PART OF YOUR POLICY.**

**DISCLOSURE OF IMPORTANT INFORMATION  
RELATING TO TERRORISM RISK INSURANCE ACT**

**SCHEDULE\***

Premium attributable to risk of loss from certified acts of terrorism for lines of insurance subject to TRIA:

Commercial Property Coverage Part:	\$120
Commercial Inland Marine Coverage Part:	\$10
Commercial General Liability Coverage Part	\$116

\*Any information required to complete this Schedule, if not shown above, will be shown in the Declarations.

**A. Disclosure of Premium**

In accordance with the federal Terrorism Risk Insurance Act ("TRIA"), as amended, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to the risk of loss from terrorist acts certified under that Act for lines subject to TRIA. That portion of premium attributable is shown in the Schedule above. The premium shown in the Schedule above is subject to adjustment upon premium audit, if applicable.

**B. Disclosure of Federal Participation in Payment of Terrorism Losses**

You should know that where coverage is provided by this policy for losses resulting from certified acts of terrorism, the United States Government may pay up to 80% of insured losses exceeding the statutorily established deductible paid by the insurance company providing the coverage.

**C. Disclosure of \$100 Billion Cap on All Insurer and Federal Obligations**

If aggregate insured losses attributable to terrorist acts certified under TRIA exceed \$100 billion in a calendar year (January 1 through December 31) and an insurer has met its deductible under the program, that insurer 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 Treasury.

**D. Availability**

As required by TRIA, we have made available to you for lines subject to TRIA coverage for losses resulting from acts of terrorism certified under TRIA with terms, amounts and limitations that do not differ materially from those for losses arising from events other than acts of terrorism.

**E. Definition of Act of Terrorism under TRIA**

TRIA defines "act of terrorism" as any act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act ("TRIA"), to be an act of terrorism. The Terrorism Risk Insurance Act provides that the Secretary of Treasury shall certify an act of terrorism:

1. To be an act of terrorism;
2. To be a violent act or an act that is dangerous to human life, property or infrastructure;
3. To have resulted in damage within the United States, or outside of the United States in the case of an air carrier (as defined in section 40102 of Title 49, United States Code) or a United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), or 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 population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

No act may be certified as an act of terrorism if the act is committed as part of the course of a war declared by Congress (except for workers' compensation) or if losses resulting from the act, in the aggregate for insurance subject to TRIA, do not exceed \$5,000,000.



# CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

Insureds Name	Policy Number	Effective Date	Endorsement Number
Big Sandy Water District	CPO-0632579-02	7/1/2021	

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

This endorsement modifies your insurance:  
COMMERCIAL PROPERTY COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL GENERAL LIABILITY COVERAGE PART

## A. Cap on Losses From Certified Terrorism Losses

“Certified act of terrorism” means an act that is certified by the Secretary of the Treasury, in accordance with provisions of the federal Terrorism Risk Insurance Act (“TRIA”), to be an act of terrorism. The Terrorism Risk Insurance Act provides that the Secretary of Treasury shall certify an act of terrorism:

1. To be an act of terrorism;
2. To be a violent act or an act that is dangerous to human life, property or infrastructure;
3. To have resulted in damage within the United States, or outside of the United States in the case of an air carrier (as defined in section 40102 of Title 49, United States Code) or a United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), or 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 population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

No act may be certified as an act of terrorism if the act is committed as part of the course of a war declared by Congress (except for workers’ compensation) or if losses resulting from the act, in the aggregate for insurance subject to TRIA, do not exceed \$5,000,000.

If aggregate insured losses attributable to one or more "certified acts of terrorism" exceed \$100 billion in a calendar year (January 1 through December 31) 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 Treasury.

## B. Application of Other Exclusions

The terms and limitations of a terrorism exclusion or any other exclusion, or the inapplicability or omission of a terrorism exclusion or any other exclusion, do not serve to create coverage which would otherwise be excluded, limited or restricted under this policy.



## Policyholder Notice – Kentucky Mine Subsidence Premium Disclosure

You have received this notice because your insurance policy may include coverage for damage caused by mine subsidence to one or more of your structures located in Kentucky.

In exchange for requiring property insurers to provide coverage for damage caused by mine subsidence to structures located within certain counties (listed below), the Kentucky Mine Subsidence Insurance Fund provides insurers with reinsurance covering up to \$100,000 of the loss to any one structure for a premium. Kentucky also requires insurers provide policyholders with notice of this premium, the amount of which depends on the value of coverage provided and the type of structure insured, as listed in the table below. Please be aware that this premium may be included in your overall premium and may not require any additional payment to us or to the state.

<b>Amount of Coal Mine Subsidence Insurance on the Structure</b>	<b>Premium – Dwelling Structure</b>	<b>Premium – Non-dwelling Structure</b>
Up to \$50,000	\$10.00	\$15.00
\$50,001 to \$60,000	\$12.00	\$17.00
\$60,001 to \$70,000	\$14.00	\$19.00
\$70,001 to \$80,000	\$16.00	\$21.00
\$80,001 to \$90,000	\$18.00	\$23.00
\$90,001 to \$100,000	\$20.00	\$25.00

Note: (1) A non-dwelling structure is defined for rating purposes as a building that is not principally used for residential purposes or house more than four family units.

(2) \$100,000 is the maximum amount of insurance reinsured by the Kentucky Mine Subsidence Insurance Fund.

The counties affected by this requirement currently include: Bell, Boyd, Breathitt, Butler, Carter, Christian, Clay, Daviess, Edmonson, Elliott, Floyd, Greenup, Hancock, Harlan, Henderson, Hopkins, Jackson, Johnson, Knott, Knox, Laurel, Lawrence, Lee, Leslie, Letcher, Martin, McCreary, McLean, Morgan, Muhlenberg, Ohio, Owsley, Perry, Union, Webster, Whitley and Wolfe.

If you have any questions regarding this notice, please contact your agent.



## Disclosure Statement



It is our pleasure to present the enclosed policy to you  
for presentation to your customer.

**INSTRUCTION TO AGENT OR BROKER:**

WE REQUIRE THAT YOU TRANSMIT THE ATTACHED/ENCLOSED DISCLOSURE STATEMENT TO THE CUSTOMER  
WITH THE POLICY.

Once again, thank you for your interest, and we look forward to meeting your needs and those of your customers.

# Disclosure Statement



## NOTICE OF DISCLOSURE FOR AGENT & BROKER COMPENSATION

If you want to learn more about the compensation Zurich pays agents and brokers visit:

<http://www.zurichproducercompensation.com>

or call the following toll-free number: (866) 903-1192.

This Notice is provided on behalf of American Zurich Insurance Company  
and its underwriting subsidiaries.



# **SANCTIONS EXCLUSION ENDORSEMENT**

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

The following exclusion is added to the policy to which it is attached and supersedes any existing sanctions language in the policy, whether included in an Exclusion Section or otherwise:

### **SANCTIONS EXCLUSION**

Notwithstanding any other terms under this policy, we shall not provide coverage nor will we make any payments or provide any service or benefit to any insured, beneficiary, or third party who may have any rights under this policy to the extent that such cover, payment, service, benefit, or any business or activity of the insured would violate any applicable trade or economic sanctions law or regulation.

The term policy may be comprised of common policy terms and conditions, the declarations, notices, schedule, coverage parts, insuring agreement, application, enrollment form, and endorsements or riders, if any, for each coverage provided. Policy may also be referred to as contract or agreement.

We may be referred to as insurer, underwriter, we, us, and our, or as otherwise defined in the policy, and shall mean the company providing the coverage.

Insured may be referred to as policyholder, named insured, covered person, additional insured or claimant, or as otherwise defined in the policy, and shall mean the party, person or entity having defined rights under the policy.

These definitions may be found in various parts of the policy and any applicable riders or endorsements.

## **ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED**

# Advisory Notice Regarding Sanctions



No coverage is provided by this notice nor can it be construed to replace any provisions of the policy. You should read the policy and review the declarations page for complete information on the coverages provided.

This notice provides information concerning the possible impact on insurance coverage due to trade or economic sanctions law or regulations of the United Nations, European Union, Switzerland, United Kingdom, or the United States Treasury Department's Office of Foreign Assets Control ("OFAC"). **Please read this notice carefully.**

If it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated any applicable trade or economic sanctions law or regulation of the United Nations, European Union, Switzerland, United Kingdom, or the United States of America, including but not limited to, sanctions, laws and regulations administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to restrictions. When an insurance policy is considered to be such a blocked or frozen contract, no payments or premium refunds may be made without regulator authorization. Other limitations on the premiums and payments also apply.

Insurance is provided by:

American Zurich Insurance Company  
1299 Zurich Way  
Schaumburg, IL 60196-1056

Policy Number CPO-0632579-02

### COMMON POLICY DECLARATIONS

A Stock Insurer

<b>Item 1. Named Insured and Mailing Address</b>	<b>Agent Name and Address</b>
Big Sandy Water District 18200 State Rte. 3 Catlettsburg, KY 41129	Allied Public Risk LLC 4507 North Front Street Suite 200 Harrisburg, PA 17110  Producer No. 56139000

**Item 2. Policy Period From:** 7/1/2021 **To:** 7/1/2022  
at 12:01 A.M., Standard Time at your mailing address shown above.

**Item 3. Business Description:** Special District  
Form of Business: N/A

**Item 4. In return for the payment of the premium, and subject to all the terms of this policy, we agree with you to provide the insurance as stated in this policy.**

This policy consists of the following coverage parts for which a premium is indicated. Where no premium is shown, there is no coverage. This premium may be subject to adjustment.

Coverage Part(s)	Premium
Commercial Property Coverage Part	\$ 6,136.00
Commercial General Liability Coverage Part	\$ 5,804.00
Commercial Crime Coverage Part	\$ 551.00
Commercial Inland Marine Coverage Part	\$ 488.00
Commercial Auto (Business or Truckers)	\$ 3,520.00
Commercial Garage Coverage Part	\$ Not Covered
Total Policy Premium	\$ 16,499.00
Terrorism	\$ 246.00
Total Policy Premium including Terrorism	\$ 16,745.00
Taxes & Surcharges	\$ 169.91
Electronic Data Management Fee	\$ 250.00
Total Premium including Terrorism Surcharges and Fees	\$ <b>17,164.91</b>

**ITEM 5: Form(s) and Endorsement(s) made a part of this Policy at time of issue:**

**See Schedule of Forms and Endorsements**

COUNTERSIGNED: DATE: 8/3/2021

BY: (Authorized Representative)

THIS COMMON POLICY DECLARATION AND THE SUPPLEMENTAL DECLARATION(S), TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART(S), COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, COMPLETE THE ABOVE NUMBERED POLICY



## Important Notice – In Witness Clause

In return for the payment of premium, and subject to the terms of this policy, coverage is provided as stated in this policy.

IN WITNESS WHEREOF, this Company has executed and attested these presents and, where required by law, has caused this policy to be countersigned by its duly Authorized Representative(s).

A handwritten signature in black ink that reads 'Mark G. Kimpfe'.

*President*

A handwritten signature in black ink that reads 'Laura J. Kargacz'.

*Corporate Secretary*

**QUESTIONS ABOUT YOUR INSURANCE?** Your agent or broker is best equipped to provide information about your insurance. Should you require additional information or assistance in resolving a complaint, call or write to the following (please have your policy or claim number ready):

Zurich in North America  
Customer Inquiry Center  
1299 Zurich Way  
Schaumburg, Illinois 60196-1056  
**1-800-382-2150** (Business Hours: 8am - 4pm [CT])  
**Email:** [info.source@zurichna.com](mailto:info.source@zurichna.com)

## SCHEDULE OF FORMS AND ENDORSEMENTS

**Named Insured:** Big Sandy Water District

**Effective Date:** 07/01/2021  
12:01 A.M., Standard Time

**Agent Name:** Allied Public Risk LLC

**Agent No.** 56139000

Form Number	Edition	Form Name	Endt #
<b><u>Zurich Package</u></b>			
U-GU-630-E CW	(01/20)	Disclosure of Important Information Relating to Terrorism Risk Insurance Act	
U-GU-767-B CW	(01/15)	Cap On Losses From Certified Acts of Terrorism	
U-GU-844-A	(02/10)	Policyholder Notice - Kentucky Mine Subsidence Premium Disclosure	
U-GU-873-A CW	(06/11)	Disclosure Statement	
U-GU-874-A CW	(06/11)	Notice of Disclosure For Agent & Broker Compensation	
U-GU-1191-A CW	(03/15)	Sanctions Exclusion Endorsement	
U-GU-1211-A CW	(11/15)	Advisory Notice Regarding Sanctions	
U-GU-D-617-A CW	(10/02)	Common Policy Declarations	
U-GU-319-F	(01/09)	Important Notice - In Witness Clause	
U-GU-2100-A CW	(03/18)	Schedule of Forms and Endorsements	
IL 00 03 09 08	09-08	Calculation of Premium	
IL 00 17 11 98		Common Policy Conditions	
IL 00 21 09 08		Nuclear Energy Liability Exclusion Endorsement (Broad Form)	
IL 02 63 09 08		Kentucky Changes - Cancellation and Nonrenewal	
IL 09 35 07 02		Exclusion of Certain Computer – Related Losses	
<b><u>Commercial Property</u></b>			
U-CP-D-690-A CW	(10/02)	Commercial Property Coverage Part Supplemental Declarations	
Schedule of Locations		Schedule of Locations	
U-APR-200-A CW	(06/18)	Property Enhancement Endorsement For Public Entities Supplemental Schedule	
CP 00 10 10 12		Building and Personal Property Coverage Form	
CP 00 90 07 88		Commercial Property Conditions	
CP 01 40 07 06		Exclusion of Loss Due to Virus or Bacteria	
CP 01 66 09 00		Kentucky Changes	
CP 10 30 09 17		Causes of Loss - Special From	
CP DS 06 02 19		Earthquake and Volcanic Eruption Coverage Schedule (Sub-Limit Form)	
CP 10 29 02 19		Earthquake And Volcanic Eruption Coverage (Sub-Limit Form With Flat-Dollar Deductible)	
CP 10 46 10 12		Equipment Breakdown Cause of Loss	
CP DS 65 10 12		Flood Coverage Schedule	
CP 10 65 10 12		Flood Coverage Endorsement	
U-CP-729-C CW	(06/15)	Property Enhancement Endorsement For Public Entities	
U-CP-753-A CW	(06/18)	Sales Tax Revenue Loss	
IL 09 25 12 10		Kentucky Mine Subsidence	
<b><u>Commercial Inland Marine</u></b>			
IM 7900 04 04	(04/04)	Inland Marine - Declarations	
IM Schedule		Inland Marine Scheduled Items	
IM 7005 01 12	(01/12)	Schedule of Coverages - Contractors' Equipment	
IM 7000 04 04	(04/04)	Contractors' Equipment Coverage	
IM 7016 04 04	(04/04)	Boom Restriction Endorsement	

## SCHEDULE OF FORMS AND ENDORSEMENTS

**Named Insured:** Big Sandy Water District

**Effective Date:** 07/01/2021  
12:01 A.M., Standard Time

**Agent Name:** Allied Public Risk LLC

**Agent No.** 56139000

Form Number	Edition	Form Name	Endt #
IM 7017 06 04	(06/04)	Weight of Load Exclusion	
CL 0100 03 99	(03/99)	Common Policy Conditions	
CL 0156 05 13	(05/13)	Amendatory Endorsement - Kentucky	
CL 0700 10 06	(10/06)	Virus Or Bacteria Exclusion	
IM 2035 04 04	(04/04)	Amendatory Endorsement - Kentucky	

### Commercial Crime

CR DS 03 08 13	Crime and Fidelity Coverage Part Declarations (Government Entities)
CR 00 25 11 15	Government Crime Coverage Form (Loss Sustained)
CR 02 53 10 10	Kentucky Changes - Termination of Employee
CR 02 75 02 11	KENTUCKY CHANGES – BINDING ARBITRATION
CR 25 19 08 13	Add Faithful Performance of Duty Coverage for Government Employees

### Commercial General Liability

U-GL-D-1115-B CW	(09/04)	Commercial General Liability Coverage Part Declarations
U-GL-1113-A CW	(10/02)	Commercial General Liability Coverage Schedule
CG 00 01 04 13		Commercial General Liability Coverage Form
U-GL-P-0013-A	(05/15)	General Liability Unmanned Aircraft Endorsements - Policyholder Notice
U-PHN-1037-A CW	(06/19)	Important Notice to Policyholders -General Liability Supplemental Coverage Endorsement
U-PHN-1077-A CW	(02/20)	Important Notice to Policyholders - General Liability Supplemental Coverage Endorsement
CG 04 35 12 07		Employee Benefits Liability Coverage
CG 21 06 05 14		Exclusion – Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability – With Limited Bodily Injury Exception
CG 21 09 06 15		Exclusion - Unmanned Aircraft
CG 21 32 05 09	05-09	COMMUNICABLE DISEASE EXCLUSION
CG 21 47 12 07		Employment - Related Practices Exclusion
CG 22 51 07 98		Exclusion - Law Enforcement Activities
CG 22 58 11 85		Exclusion - Described Hazards (Carnivals, Circuses and Fairs)
CG 24 09 07 98		Governmental Subdivisions
U-GL-923-B CW	(06/04)	Silica or Silica Mixed Dust Exclusion
U-GL-1171-B CW	(07/19)	Fungi or Bacteria Exclusion Endorsement
U-GL-1250-B CW	(04/19)	Abusive Acts Liability Exclusion
U-GL-D-1120-A CW	(04/06)	Abusive Act Liability Coverage Form Declarations
U-GL-1275-A CW	(04/06)	Abusive Act Liability Coverage Form
U-GL-1345-C CW	(03/20)	General Liability Supplemental Coverage Endorsement
U-GL-1517-B CW	(04/13)	Recording And Distribution Of Material Or Information In Violation Of Law Exclusion
U-APR-201-A CW	(07/18)	Additional Insured - Municipality
U-APR-204-A CW	(07/18)	Employer's Liability Exclusion Amendment
U-APR-205-A CW	(07/18)	Fireworks or Pyrotechnic Devices Exclusion
U-APR-210-A CW	(07/18)	Asbestos Exclusion with Exception

U-GU-2100-A CW



## SCHEDULE OF FORMS AND ENDORSEMENTS

**Named Insured:** Big Sandy Water District

**Effective Date:** 07/01/2021  
12:01 A.M., Standard Time

**Agent Name:** Allied Public Risk LLC

**Agent No.** 56139000

Form Number	Edition	Form Name	Endt #
U-APR-211-A CW	(07/18)	Exclusion - Failure to Supply	
U-APR-212-A CW	(07/18)	Lead Exclusion with Exception	
U-APR-213-A CW	(07/18)	Pollution Exclusion Amendment with Exception for Water Operations	
<b><u>Commercial Automobile</u></b>			
U-CA-D 600-C	(04/14)	Business Auto Declarations	
Auto Schedule		Auto Schedule	
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	10-13	KENTUCKY PERSONAL INJURY PROTECTION	
CA 23 86 10 13	10 13	EXCLUSION OF TERRORISM ABOVE MINIMUM STATUTORY LIMITS	
CA 23 95 10 13	10-13	KENTUCKY SILICA OR SILICA-RELATED DUST EXCLUSION FOR COVERED AUTOS EXPOSURE	
CA 99 15 12 93		Governmental Bodies Amendatory Endorsement	
U-CA-553-B CW	(02/14)	Automobile - Abuse and Molestation Exclusion	
U-APR-217-A KY	(01/19)	Public Entity Fleet Coverage Endorsement - Kentucky	
U-APR-219-B CW	(05/19)	Fleet Automatic Amendatory Endorsement	

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

## **CALCULATION OF PREMIUM**

This endorsement modifies insurance provided under the following:

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

The following is added:

The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation, or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

## COMMON POLICY CONDITIONS

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

### A. Cancellation

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

### B. Changes

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

### C. Examination Of Your Books And Records

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

### D. Inspections And Surveys

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

### E. Premiums

The first Named Insured shown in the Declarations:

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

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

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

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

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

## **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.**

## **KENTUCKY CHANGES – CANCELLATION AND NONRENEWAL**

This endorsement modifies insurance provided under the following:

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

**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:

**7. 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 **7.a.** above, we will mail or deliver a written notice of cancellation to the first Named Insured, stating the reason for cancellation, at least:
  - (1) 14 days before the effective date of the cancellation, if cancellation is for non-payment of premium; or
  - (2) 75 days before the effective date of the cancellation, if cancellation is for any reason stated in **7.a.(2)** through **7.a.(7)** above.
- 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 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.**

## **EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES**

This endorsement modifies insurance provided under the following:

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

- A.** We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.
- 1.** The failure, malfunction or inadequacy of:
    - a.** Any of the following, whether belonging to any insured or to others:
      - (1)** Computer hardware, including micro-processors;
      - (2)** Computer application software;
      - (3)** Computer operating systems and related software;
      - (4)** Computer networks;
      - (5)** Microprocessors (computer chips) not part of any computer system; or
      - (6)** Any other computerized or electronic equipment or components; or
    - b.** Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement;
 

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.
  - 2.** Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **A.1.** of this endorsement.
- B.** If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:
- 1.** In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or
  - 2.** Under the Commercial Property Coverage Part:
    - a.** In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss – Special Form; or
    - b.** In a Covered Cause of Loss under the Causes Of Loss – Basic Form or the Causes Of Loss – Broad Form;
 

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.
- C.** We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.



Policy Number: CPO-0632579-02

Insurance is Provided by:  
**American Zurich Insurance Company**  
1299 Zurich Way  
Schaumburg, IL 60196-1056  
A Stock Insurer

**COMMERCIAL PROPERTY COVERAGE PART  
SUPPLEMENTAL DECLARATIONS**

Named Insured **Big Sandy Water District** Effective Date **7/1/2021**  
**18200 State Rte. 3**  
**Catlettsburg, KY 41129**

Agent Name **Allied Public Risk, LLC** Producer No. **56139000**  
**4507 North Front Street – Suite 200**  
**Harrisburg, PA 17110**

**Item 1.** Business Description: Special District

**Item 2.** Premises Described: **See Schedule of Locations**

**Item 3.** **\$1,000** Deductible unless otherwise indicated.

**Item 4.** Coverage Provided

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
		<b>See Attached Schedule of Locations</b>	<b>\$3,610,756</b>	<b>Special</b>	<b>90%</b>

**Other Provisions**

**Agreed Value:** Blanket Expires 7/1/2022  **Replacement Cost**  
 Business Income Indemnity: Monthly Limit: Period: Maximum  Inflation Guard: **0.0000%**  
 Reporting Extended Days BI Media  
 Extension of Recovery Period: Months  
 Deductible: **\$1,000 AOP unless otherwise specified** Earthquake Deductible: **See Sched of Locations** Exceptions: **Per Policy**

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.

**Other Provisions**

**Agreed Value:** Expires  **Replacement Cost**  
 Business Income Indemnity: Monthly Limit: Period: Maximum  Inflation Guard: %  
 Reporting Extended Days BI Media  
 Extension of Recovery Period: Months  
 Deductible: Earthquake Deductible: Exceptions

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.

**Other Provisions**

**Agreed Value:** Expires  **Replacement Cost**  
 Business Income Indemnity: Monthly Limit: Period: Maximum  Inflation Guard: %  
 Reporting Extended Days BI Media  
 Extension of Recovery Period: Months  
 Deductible: Earthquake Deductible: % Exceptions

**Item 5.** Forms and Endorsements

Form(s) and Endorsement(s) made a part of this policy at time of issue:

**See Schedule of Forms and Endorsements**

ALLIED PUBLIC RISK – SCHEDULE OF LOCATIONS  
 American Zurich Insurance Company  
 INSURED: Big Sandy Water District Catlettsburg KY 41129  
 POLICY YEAR EFFECTIVE: 7/1/2021 - 7/1/2022

TRANS TYPE *	LOC ID	BLDG NUM	ADDRESS	BUILDING DESCRIPTION	BUILDING VALUE	CONTENTS VALUE	TOTAL INSURED VALUE	EARTH-QUAKE DED \$	VALUATION
E	1	1	18200 State Route 3	Office	\$108,150	\$108,150	\$216,300	\$50,000	Agreed Value RC
E	1	2	18200 State Route 3	Storage	\$108,150	\$254,890	\$363,040	\$50,000	Agreed Value RC
E	1	3	18200 State Route 3	Meter Test Building	\$16,223	\$16,223	\$32,446	\$50,000	Agreed Value RC
N	2	1	18200 State Route 3	New Building	\$496,500	\$108,150	\$604,650	\$50,000	Agreed Value RC
E	3	1	White Creek Road	White's Creek Pump Station	\$10,815	\$112,909	\$123,724	\$50,000	Agreed Value RC
E	4	1	8535 Highway 707	Highway 707 Branch Pump Station	\$70,298	\$0	\$70,298	\$50,000	Agreed Value RC
E	5	1	1202 Porter Road	Water Tank	\$324,450	\$0	\$324,450	\$50,000	Agreed Value RC
E	5	2	1202 Porter Road	Water Tank	\$432,600	\$0	\$432,600	\$50,000	Agreed Value RC
E	6	1	16106 Bowling Drive	Water Tank	\$270,375	\$0	\$270,375	\$50,000	Agreed Value RC
E	7	1	Rte 854 Jct 2 Jimmy	Water Tank	\$189,263	\$0	\$189,263	\$50,000	Agreed Value RC

\*Trans type – N-New, E-Existing, M-Modified, PD, Previously Deleted, D-Deleted

\_\_\_\_\_  
 AUTHORIZED SIGNATURE

**ALLIED PUBLIC RISK – SCHEDULE OF LOCATIONS**  
 American Zurich Insurance Company  
 INSURED: Big Sandy Water District Catlettsburg KY 41129  
 POLICY YEAR EFFECTIVE: 7/1/2021 - 7/1/2022

TRANS TYPE *	LOC ID	BLDG NUM	ADDRESS	BUILDING DESCRIPTION	BUILDING VALUE	CONTENTS VALUE	TOTAL INSURED VALUE	EARTH-QUAKE DED \$	VALUATION
			Hill						
E	8	1	30200 Mayo Trail	Burnaugh Pump Station	\$37,853	\$0	\$37,853	\$50,000	Agreed Value RC
E	9	1	196 Buchanan Lane	Water Tank	\$108,150	\$0	\$108,150	\$50,000	Agreed Value RC
E	10	1	224 Cedar Maine Road	Water Tank	\$127,617	\$0	\$127,617	\$50,000	Agreed Value RC
E	11	1	Route 3 South	Point Section Pump Station	\$51,912	\$0	\$51,912	\$50,000	Agreed Value RC
E	12	1	913 Deephole Road	Deephole Road Pump Station	\$1,839	\$5,250	\$7,089	\$50,000	Agreed Value RC
E	13	1	Highway 32	Ced Gap Pump Station	\$95,175	\$0	\$95,175	\$50,000	Agreed Value RC
E	14	1	7409 Highway 32	Water Tank	\$129,780	\$0	\$129,780	\$50,000	Agreed Value RC
E	15	1	2664 Nebo Road	Water Tank	\$81,113	\$0	\$81,113	\$50,000	Agreed Value RC
E	16	1	1547 Fuller Ridge Road Rt	Fuller Ridge Pump Station	\$12,978	\$0	\$12,978	\$50,000	Agreed Value RC

\*Trans type – N-New, E-Existing, M-Modified, PD, Previously Deleted, D-Deleted

\_\_\_\_\_  
**AUTHORIZED SIGNATURE**

**ALLIED PUBLIC RISK – SCHEDULE OF LOCATIONS**  
 American Zurich Insurance Company  
 INSURED: Big Sandy Water District Catlettsburg KY 41129  
 POLICY YEAR EFFECTIVE: 7/1/2021 - 7/1/2022

TRANS TYPE *	LOC ID	BLDG NUM	ADDRESS	BUILDING DESCRIPTION	BUILDING VALUE	CONTENTS VALUE	TOTAL INSURED VALUE	EARTH-QUAKE DED \$	VALUATION
E	17	1	272 Franks Driver	Cunningham Hill Pump Station	\$23,793	\$0	\$23,793	\$50,000	Agreed Value RC
E	18	1	332 Highway 773	Water Tank	\$54,075	\$0	\$54,075	\$50,000	Agreed Value RC
E	19	1	515 Nursery Drive	Coalton Booster Pump Station	\$54,075	\$0	\$54,075	\$50,000	Agreed Value RC
E	20	1	State Route 538	Booster Pump Stations	\$200,000	\$0	\$200,000	\$50,000	Agreed Value RC

\*Trans type – N-New, E-Existing, M-Modified, PD, Previously Deleted, D-Deleted

\_\_\_\_\_  
**AUTHORIZED SIGNATURE**

# Property Enhancement Endorsement For Public Entities Supplemental Schedule



This Schedule supplements the Commercial Property Declarations when the Building And Personal Property Coverage Form includes the Property Enhancement Endorsement For Public Entities.

If NCP is shown for any Additional Coverage or Coverage Enhancement, then no coverage is provided for that Additional Coverage or Coverage Enhancement.

<b>Schedule</b>	
<b>Additional Coverages And Coverage Enhancements</b>	
Broadened Premises	Extension Of Coverage
Foundations, Underground Pipes, Flues Or Drains	Extension Of Coverage
Building Glass – Tenant	Included in Business Personal Property Limit
Debris Removal	\$300,000 Per Location, Per Occurrence
Preservation Of Property	Extension Of Coverage
Fire Department Service Charge	\$50,000 Limit Of Insurance
Pollutant Cleanup And Removal	\$250,000 Annual Aggregate Limit Of Insurance At Each Described Premises
Ordinance Or Law Coverage	
Coverage A – Loss To The Undamaged Portion Of The Building	Included in the Building Limit
Coverage B – Demolition Cost and Coverage C – Increased Cost Of Construction Combined	\$1,000,000 Limit Of Insurance Per Building, Per Loss
Accounts Receivable	\$250,000 Limit Of Insurance Per Occurrence \$500 Deductible
Arson, Theft Or Vandalism Information Reward	\$25,000 Limit Of Insurance Per Occurrence
Lock Replacement	\$25,000 Limit Of Insurance Per Occurrence
Fire Protective Device Recharge	\$25,000 Annual Aggregate Limit Of Insurance
Fine Arts	\$100,000 Limit Of Insurance Per Loss; \$10,000 Per Item \$500 Deductible
Paved Surfaces	\$100,000 Limit Of Insurance Per Loss
Spoilage	\$100,000 Limit Of Insurance Per Occurrence
Utility Services – Direct Damage	\$50,000 Per Occurrence, unless a higher Limit Of Insurance is shown in the Declarations for Utility Services – Direct Damage
Money And Securities	
Inside The Premises	\$25,000 Limit Of Insurance Per Occurrence \$500 Deductible
Outside The Premises	\$25,000 Limit Of Insurance Per Occurrence \$500 Deductible
Commandeered Property	\$250,000 Limit Of Insurance Per Occurrence
Musical Instruments, Band Uniforms, Athletic Equipment And Theatrical Property	NCP

<b>Schedule (continued)</b>	
<b>Additional Coverages And Coverage Enhancements</b>	
Portable Equipment Used In Your Law Enforcement Operations And Your Public Safety Operations	\$100,000 Limit Of Insurance Per Occurrence \$500 Deductible
Portable Emergency Response Equipment	\$100,000 Limit Of Insurance Per Occurrence \$500 Deductible
Portable Audio Visual And Communications Equipment	\$100,000 Limit Of Insurance Per Occurrence \$500 Deductible
Grounds Maintenance Equipment Maximum Per Item Limit Of Insurance Per Occurrence Deductible	\$5,000 Limit Of Insurance \$100,000 Limit Of Insurance Per Occurrence \$500 Deductible
Traffic Lights, Traffic Signs, Parking Meters, Fire Hydrants, Guard Rails, Bus Shelters	\$100,000 Limit Of Insurance Per Occurrence \$500 Deductible
Animals Each Animal Annual Aggregate Deductible	\$15,000 Limit Of Insurance \$100,000 Limit Of Insurance \$500 Deductible
Inventory Costs, Preparation Of Claim	\$25,000 Limit Of Insurance Per Occurrence
Damage To Building From Theft - Tenants	\$100,000 Limit Of Insurance Per Location, Per Occurrence
Theft Of Building Materials And Supplies	\$100,000 Limit Of Insurance Each Described Premises
Business Income And Extra Expense Food Contamination Newly Acquired Locations Utility Services Time Element Sales Tax Revenue Loss Period Of Restoration	\$500,000 Limit Of Insurance Per Occurrence \$100,000 Limit Of Insurance Per Occurrence \$100,000 Limit Of Insurance Per Occurrence \$100,000 Limit Of Insurance Per Occurrence \$100,000 Limit Of Insurance Per Occurrence Increased Period to Comply with Ordinance Or Law
Newly Acquired Or Constructed Property Building Business Personal Property	\$2,000,000 Limit Of Insurance Each Building \$1,000,000 Limit Of Insurance Each Building
Personal Effects And Property Of Others	\$25,000 Limit Of Insurance Each Described Premises
Valuable Papers And Records (Other Than Electronic Data)	\$250,000 Limit Of Insurance Each Described Premises; \$500 Deductible
Property Off Premises Including Transit	\$100,000 Limit Of Insurance Per Occurrence
Outdoor Property  Trees, Plants And Shrubs – Sublimit	\$250,000 Limit Of Insurance Per Location, Per Occurrence  \$25,000 Limit Of Insurance Per Location, Per Occurrence \$5,000 Limit Per Tree, Plant Or Shrub
Non-Owned Detached Trailers	\$20,000 Limit Of Insurance
Business Personal Property Temporarily In Portable Storage Units	\$50,000 Limit Of Insurance Per Occurrence

<b>Schedule (continued)</b>	
<b>Additional Coverages And Coverage Enhancements</b>	
Signs	Included In Building or Your Business Personal Property Limit
Single Deductible	\$ Maximum Deductible
Coinsurance	Extension Of Coverage
Inflation Guard	0.00000%
Emergency Operations	Expanded Definition
Sewer Backup	\$100,000 Limit Of Insurance Per Occurrence, unless a higher Limit Of Insurance is shown in the Declarations for Sewer Backup

**Premises Not Covered**

The Property Enhancement Endorsement For Public Entities (U-CP-729-C NY) does not apply to the premises listed below:

Loc. #	Bldg. #	Description/Address

**Premises Not Covered For Ordinance Or Law**

Paragraph A.8. **Ordinance Or Law Coverage** of the Property Enhancement Endorsement For Public Entities (U-CP-729-C NY) does not apply to the premises listed below:

Loc. #	Bldg. #	Description/Address

# BUILDING AND PERSONAL PROPERTY COVERAGE FORM

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

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

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

## A. Coverage

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

### 1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.**, and limited in **A.2.** Property Not Covered, if a Limit Of Insurance is shown in the Declarations for that type of property.

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

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
  - (a) Machinery; and
  - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
  - (a) Fire-extinguishing equipment;
  - (b) Outdoor furniture;
  - (c) Floor coverings; and
  - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
  - (a) Additions under construction, alterations and repairs to the building or structure;
  - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

### b. Your Business Personal Property

consists of the following property located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
  - (a) Made a part of the building or structure you occupy but do not own; and
  - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

### c. Personal Property Of Others that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater.



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

## 2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
  - b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
  - c. Automobiles held for sale;
  - d. Bridges, roadways, walks, patios or other paved surfaces;
  - e. Contraband, or property in the course of illegal transportation or trade;
  - f. The cost of excavations, grading, backfilling or filling;
  - g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
    - (1) The lowest basement floor; or
    - (2) The surface of the ground, if there is no basement;
  - h. Land (including land on which the property is located), water, growing crops or lawns (other than lawns which are part of a vegetated roof);
  - i. Personal property while airborne or waterborne;
  - j. Bulkheads, pilings, piers, wharves or docks;
  - k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
  - l. Retaining walls that are not part of a building;
  - m. Underground pipes, flues or drains;
  - n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, n., does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system;
  - o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;
  - p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
    - (1) Are licensed for use on public roads; or
    - (2) Are operated principally away from the described premises.
- This paragraph does not apply to:
- (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;

- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
  - (c) Rowboats or canoes out of water at the described premises; or
  - (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers; or
- q. The following property while outside of buildings:
- (1) Grain, hay, straw or other crops;
  - (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), all except as provided in the Coverage Extensions.

### 3. Covered Causes Of Loss

See applicable Causes Of Loss form as shown in the Declarations.

### 4. Additional Coverages

#### a. Debris Removal

- (1) Subject to Paragraphs (2), (3) and (4), we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
  - (a) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;
  - (b) Remove debris of property owned by or leased to the landlord of the building where your described premises are located, unless you have a contractual responsibility to insure such property and it is insured under this policy;
  - (c) Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;

- (d) Remove property of others of a type that would not be Covered Property under this Coverage Form;
  - (e) Remove deposits of mud or earth from the grounds of the described premises;
  - (f) Extract "pollutants" from land or water; or
  - (g) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
- (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
  - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.
- (4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
  - (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

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

**(5) Examples**

The following examples assume that there is no Coinsurance penalty.

**Example 1**

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

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

**Example 2**

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,500
	(\$80,000 – \$500)
Debris Removal Expense:	\$ 40,000
Debris Removal Expense Payable	
Basic Amount:	\$ 10,500
Additional Amount:	\$ 25,000

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

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph **(4)**, because the debris removal expense (\$40,000) exceeds 25% of the loss payable plus the deductible (\$40,000 is 50% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$40,000 = \$119,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$25,000, the maximum payable under Paragraph **(4)**. Thus, the total payable for debris removal expense in this example is \$35,500; \$4,500 of the debris removal expense is not covered.

**b. Preservation Of Property**

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

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

**c. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for service at each premises described in the Declarations, unless a higher limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

This Additional Coverage applies to your liability for fire department service charges:

- (1)** Assumed by contract or agreement prior to loss; or
- (2)** Required by local ordinance.

No Deductible applies to this Additional Coverage.

**d. Pollutant Clean-up And Removal**

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

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

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

**e. Increased Cost Of Construction**

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in e.(3) through e.(9) of this Additional Coverage.
- (3) The ordinance or law referred to in e.(2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
  - (a) You were required to comply with before the loss, even when the building was undamaged; and
  - (b) You failed to comply with.

(5) Under this Additional Coverage, we will not pay for:

- (a) The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
- (b) Any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

(6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

(7) With respect to this Additional Coverage:

- (a) We will not pay for the Increased Cost of Construction:
  - (i) Until the property is actually repaired or replaced at the same or another premises; and
  - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the same premises.
- (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the new premises.
- (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.
- (9) The costs addressed in the Loss Payment and Valuation Conditions and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this Additional Coverage, as stated in **e.(6)** of this Additional Coverage, is not subject to such limitation.

**f. Electronic Data**

- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data. This Additional Coverage does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.
  - (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.
- (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:
    - (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
    - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.
    - (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.
    - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

- (4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

## 5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more, or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

### a. Newly Acquired Or Constructed Property

#### (1) Buildings

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

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

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

## (2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:
  - (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions; or
  - (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

- (b) This Extension does not apply to:
  - (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
  - (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

## (3) Period Of Coverage

With respect to insurance provided under this Coverage Extension for Newly Acquired Or Constructed Property, coverage will end when any of the following first occurs:

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

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

**b. Personal Effects And Property Of Others**

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

**c. Valuable Papers And Records (Other Than Electronic Data)**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) If the Causes Of Loss – Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
- (3) If the Causes Of Loss – Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.
- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist) and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and, therefore, coverage of such costs is not additional insurance.

**d. Property Off-premises**

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
  - (a) Temporarily at a location you do not own, lease or operate;
  - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
  - (c) At any fair, trade show or exhibition.
- (2) This Extension does not apply to property:
  - (a) In or on a vehicle; or
  - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000.

**e. Outdoor Property**

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others, except in the situation in which you are a tenant and such property is owned by the landlord of the described premises.

**f. Non-owned Detached Trailers**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
  - (a) The trailer is used in your business;
  - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
  - (c) You have a contractual responsibility to pay for loss or damage to the trailer.
- (2) We will not pay for any loss or damage that occurs:
  - (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
  - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

**g. Business Personal Property Temporarily In Portable Storage Units**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the building or structure described in the Declarations or within 100 feet of the premises described in the Declarations, whichever distance is greater.

- (2) If the applicable Covered Causes of Loss form or endorsement contains a limitation or exclusion concerning loss or damage from sand, dust, sleet, snow, ice or rain to property in a structure, such limitation or exclusion also applies to property in a portable storage unit.
- (3) Coverage under this Extension:
  - (a) Will end 90 days after the business personal property has been placed in the storage unit;
  - (b) Does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the business personal property has been stored there for 90 or fewer days as of the time of loss or damage.
- (4) Under this Extension, the most we will pay for the total of all loss or damage to business personal property is \$10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units. Such limit is part of, not in addition to, the applicable Limit of Insurance on Your Business Personal Property. Therefore, payment under this Extension will not increase the applicable Limit of Insurance on Your Business Personal Property.
- (5) This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form or policy, and does not apply to loss or damage to the storage unit itself.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

**B. Exclusions And Limitations**

See applicable Causes Of Loss form as shown in the Declarations.

**C. Limits Of Insurance**

The most we will pay for loss or damage in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$2,500 per sign in any one occurrence.



The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage:

1. Fire Department Service Charge;
2. Pollutant Clean-up And Removal;
3. Increased Cost Of Construction; and
4. Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

**D. Deductible**

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

**Example 1**

(This example assumes there is no Coinsurance penalty.)

Deductible:	\$ 250
Limit of Insurance – Building 1:	\$ 60,000
Limit of Insurance – Building 2:	\$ 80,000
Loss to Building 1:	\$ 60,100
Loss to Building 2:	\$ 90,000

The amount of loss to Building 1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building 1:

\$ 60,100
– 250
<hr style="width: 50px; margin-left: 0;"/>

\$ 59,850 Loss Payable – Building 1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building 2. Loss payable for Building 2 is the Limit of Insurance of \$80,000.

Total amount of loss payable:  
\$59,850 + \$80,000 = \$139,850

**Example 2**

(This example, too, assumes there is no Coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example 1.

Loss to Building 1:	\$ 70,000
(Exceeds Limit of Insurance plus Deductible)	
Loss to Building 2:	\$ 90,000
(Exceeds Limit of Insurance plus Deductible)	
Loss Payable – Building 1:	\$ 60,000
(Limit of Insurance)	
Loss Payable – Building 2:	\$ 80,000
(Limit of Insurance)	
Total amount of loss payable:	\$ 140,000

**E. Loss Conditions**

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

**1. Abandonment**

There can be no abandonment of any property to us.

**2. Appraisal**

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

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

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

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

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

- (1) Notify the police if a law may have been broken.

- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
  - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
  - (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
  - (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
  - (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.  
Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
  - (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
  - (8) Cooperate with us in the investigation or settlement of the claim.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

#### 4. Loss Payment

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:
  - (1) Pay the value of lost or damaged property;
  - (2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;
  - (3) Take all or any part of the property at an agreed or appraised value; or
  - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.
- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.
- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:
  - (1) We have reached agreement with you on the amount of loss; or
  - (2) An appraisal award has been made.

**h.** A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

## **5. Recovered Property**

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

## **6. Vacancy**

### **a. Description Of Terms**

**(1)** As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in **(1)(a)** and **(1)(b)** below:

**(a)** When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

**(b)** When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

- (i)** Rented to a lessee or sublessee and used by the lessee or sublessee to conduct its customary operations; and/or
- (ii)** Used by the building owner to conduct customary operations.

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

### **b. Vacancy Provisions**

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

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

- (a)** Vandalism;
- (b)** Sprinkler leakage, unless you have protected the system against freezing;
- (c)** Building glass breakage;
- (d)** Water damage;
- (e)** Theft; or
- (f)** Attempted theft.

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

## **7. Valuation**

We will determine the value of Covered Property in the event of loss or damage as follows:

- a.** At actual cash value as of the time of loss or damage, except as provided in **b.**, **c.**, **d.** and **e.** below.
- b.** If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

However, the following property will be valued at the actual cash value, even when attached to the building:

- (1) Awnings or floor coverings;
  - (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
  - (3) Outdoor equipment or furniture.
- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- d. Glass at the cost of replacement with safety-glazing material if required by law.
- e. Tenants' Improvements and Betterments at:
- (1) Actual cash value of the lost or damaged property if you make repairs promptly.
  - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
    - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
    - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

- (3) Nothing if others pay for repairs or replacement.

## F. Additional Conditions

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

### 1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies:

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

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

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

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

### Example 1 (Underinsurance)

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 100,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

Step (1):  $\$250,000 \times 80\% = \$200,000$   
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2):  $\$100,000 \div \$200,000 = .50$

Step (3):  $\$40,000 \times .50 = \$20,000$

Step (4):  $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

### Example 2 (Adequate Insurance)

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 200,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ( $\$250,000 \times 80\%$ ). Therefore, the Limit of Insurance in this example is adequate, and no penalty applies. We will pay no more than \$39,750 ( $\$40,000$  amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

**Example 3**

When: The value of the property is:

Building at Location 1:	\$ 75,000
Building at Location 2:	\$ 100,000
Personal Property at Location 2:	<u>\$ 75,000</u>
	\$ 250,000
The Coinsurance percentage for it is:	90%
The Limit of Insurance for Buildings and Personal Property at Locations 1 and 2 is:	\$ 180,000
The Deductible is:	\$ 1,000
The amount of loss is:	
Building at Location 2:	\$ 30,000
Personal Property at Location 2:	<u>\$ 20,000</u>
	\$ 50,000

Step (1):  $\$250,000 \times 90\% = \$225,000$   
 (the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2):  $\$180,000 \div \$225,000 = .80$

Step (3):  $\$50,000 \times .80 = \$40,000$

Step (4):  $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

**2. Mortgageholders**

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
  - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;

- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

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

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
  - (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
  - (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

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

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:
  - (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
  - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

**G. Optional Coverages**

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item:

**1. Agreed Value**

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.

- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
  - (1) On or after the effective date of this Optional Coverage; and
  - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

**2. Inflation Guard**

- a. The Limit of Insurance for property to which this Optional Coverage applies will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
  - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
  - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
  - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

**Example**

If: The applicable Limit of Insurance is: \$ 100,000  
 The annual percentage increase is: 8%  
 The number of days since the beginning of the policy year (or last policy change) is: 146  
 The amount of increase is:  
 $\$100,000 \times .08 \times 146 \div 365 =$  \$ 3,200

**3. Replacement Cost**

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.
- b. This Optional Coverage does not apply to:
  - (1) Personal property of others;
  - (2) Contents of a residence;
  - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or

- (4) "Stock", unless the Including "Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:
  - (1) Until the lost or damaged property is actually repaired or replaced; and
  - (2) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also apply:

- (3) If the conditions in d.(1) and d.(2) above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and
- (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.

- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:

- (1) The Limit of Insurance applicable to the lost or damaged property;
- (2) The cost to replace the lost or damaged property with other property:
  - (a) Of comparable material and quality; and
  - (b) Used for the same purpose; or
- (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in e.(2) above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

**4. Extension Of Replacement Cost To Personal Property Of Others**

a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph **3.b.(1)** of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.

b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

**H. Definitions**

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
3. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

## COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

### A. CONCEALMENT, MISREPRESENTATION OR FRAUD

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

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

### B. CONTROL OF PROPERTY

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

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

### C. INSURANCE UNDER TWO OR MORE COVERAGES

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

### D. LEGAL ACTION AGAINST US

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

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

### E. LIBERALIZATION

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

### F. NO BENEFIT TO BAILEE

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

### G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

### H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
  - a. During the policy period shown in the Declarations; and
  - b. Within the coverage territory.
2. The coverage territory is:
  - a. The United States of America (including its territories and possessions);
  - b. Puerto Rico; and
  - c. Canada.



**I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US**

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

1. Prior to a loss to your Covered Property or Covered Income.
2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
  - a. Someone insured by this insurance;
  - b. A business firm:
    - (1) Owned or controlled by you; or
    - (2) That owns or controls you; or
  - c. Your tenant.

This will not restrict your insurance.

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

## **EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA**

This endorsement modifies insurance provided under the following:

### COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

- A.** The exclusion set forth in Paragraph **B.** applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B.** We will not pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.  
  
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 or Policy.
- C.** With respect to any loss or damage subject to the exclusion in Paragraph **B.**, such exclusion supersedes any exclusion relating to "pollutants".
- D.** The following provisions in this Coverage Part or Policy are hereby amended to remove reference to bacteria:
  - 1.** Exclusion of "Fungus", Wet Rot, Dry Rot And Bacteria; and
  - 2.** Additional Coverage – Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage.
- E.** The terms of the exclusion in Paragraph **B.**, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.

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

## **KENTUCKY CHANGES**

This endorsement modifies insurance provided under the following:

### COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

- A.** The following exclusion and related provisions are added to Paragraph **B.2. Exclusions** in the Causes Of Loss Forms and to any Coverage Form or policy to which a Causes Of Loss Form is not attached:
- 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** Condition, in the Commercial Property Conditions, is amended by adding the following:
- If we pay an innocent co-insured for 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.

## CAUSES OF LOSS – SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section **G**. Definitions.

### A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

### B. Exclusions

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

#### a. Ordinance Or Law

The enforcement of or compliance with any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (a) An ordinance or law that is enforced even if the property has not been damaged; or
- (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

#### b. Earth Movement

- (1) Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

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

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

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

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

With respect to coverage for Volcanic Action as set forth in **(5)(a)**, **(5)(b)** and **(5)(c)**, all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

This exclusion applies regardless of whether any of the above, in Paragraphs **(1)** through **(5)**, is caused by an act of nature or is otherwise caused.

**c. Governmental Action**

Seizure or destruction of property by order of governmental authority.

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

**d. Nuclear Hazard**

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

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

**e. Utility Services**

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

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

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

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

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

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

**f. War And Military Action**

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

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

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

**g. Water**

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

- (2) Mudslide or mudflow;

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

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

- (a) Foundations, walls, floors or paved surfaces;
- (b) Basements, whether paved or not; or
- (c) Doors, windows or other openings; or

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

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

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

**h. "Fungus", Wet Rot, Dry Rot And Bacteria**

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

But if "fungus", wet or dry rot or bacteria result in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

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

Exclusions **B.1.a.** through **B.1.h.** apply whether or not the loss event results in widespread damage or affects a substantial area.

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

**a.** Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

- (1) Electrical or electronic wire, device, appliance, system or network; or
- (2) Device, appliance, system or network utilizing cellular or satellite technology.

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

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

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

- b.** Delay, loss of use or loss of market.
- c.** Smoke, vapor or gas from agricultural smudging or industrial operations.

**d.(1) Wear and tear;**

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

(3) Smog;

(4) Settling, cracking, shrinking or expansion;

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

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

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

(a) Dampness or dryness of atmosphere;

(b) Changes in or extremes of temperature; or

(c) Marring or scratching.

But if an excluded cause of loss that is listed in **2.d.(1)** through **(7)** results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

**e.** Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

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

- g.** Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
  - (1)** You do your best to maintain heat in the building or structure; or
  - (2)** You drain the equipment and shut off the supply if the heat is not maintained.
- h.** Dishonest or criminal act (including theft) by you, any of your partners, members, officers, managers, employees (including temporary employees and leased workers), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1)** Applies whether or not an act occurs during your normal hours of operation;
- (2)** Does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.
- i.** Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- j.** Rain, snow, ice or sleet to personal property in the open.
- k.** Collapse, including any of the following conditions of property or any part of the property:
  - (1)** An abrupt falling down or caving in;
  - (2)** Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
  - (3)** Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to **(1)** or **(2)** above.

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

This exclusion, **k.**, does not apply:

- (a)** To the extent that coverage is provided under the Additional Coverage, Collapse; or
- (b)** To collapse caused by one or more of the following:
  - (i)** The "specified causes of loss";
  - (ii)** Breakage of building glass;
  - (iii)** Weight of rain that collects on a roof; or
  - (iv)** Weight of people or personal property.
- l.** Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".
 

This exclusion, **l.**, does not apply to damage to glass caused by chemicals applied to the glass.
- m.** Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.
- 3.** We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a.** through **3.c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.
  - a.** Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph **1.** above to produce the loss or damage.
  - b.** Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
  - c.** Faulty, inadequate or defective:
    - (1)** Planning, zoning, development, surveying, siting;
    - (2)** Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
    - (3)** Materials used in repair, construction, renovation or remodeling; or
    - (4)** Maintenance;

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

#### 4. Special Exclusions

The following provisions apply only to the specified Coverage Forms:

##### a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

- (1) Any loss caused by or resulting from:
  - (a) Damage or destruction of "finished stock"; or
  - (b) The time required to reproduce "finished stock".This exclusion does not apply to Extra Expense.
- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.
- (3) Any increase of loss caused by or resulting from:
  - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
  - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.
- (4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".
- (5) Any other consequential loss.

##### b. Leasehold Interest Coverage Form

- (1) Paragraph **B.1.a.**, Ordinance Or Law, does not apply to insurance under this Coverage Form.
- (2) We will not pay for any loss caused by:
  - (a) Your cancelling the lease;
  - (b) The suspension, lapse or cancellation of any license; or
  - (c) Any other consequential loss.

##### c. Legal Liability Coverage Form

- (1) The following exclusions do not apply to insurance under this Coverage Form:
  - (a) Paragraph **B.1.a.** Ordinance Or Law;
  - (b) Paragraph **B.1.c.** Governmental Action;
  - (c) Paragraph **B.1.d.** Nuclear Hazard;
  - (d) Paragraph **B.1.e.** Utility Services; and
  - (e) Paragraph **B.1.f.** War And Military Action.
- (2) The following additional exclusions apply to insurance under this Coverage Form:

##### (a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- (i) Your assumption of liability was executed prior to the accident; and
- (ii) The building is Covered Property under this Coverage Form.

##### (b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.



## 5. Additional Exclusion

The following provisions apply only to the specified property:

### Loss Or Damage To Products

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

## C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated:

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

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

b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.

c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

(1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

(2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

(1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or

(2) Business Income Coverage or Extra Expense Coverage.

e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

g. Lawns, trees, shrubs or plants which are part of a vegetated roof, caused by or resulting from:

(1) Dampness or dryness of atmosphere or of soil supporting the vegetation;

(2) Changes in or extremes of temperature;

(3) Disease;

(4) Frost or hail; or

(5) Rain, snow, ice or sleet.

2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:

a. Animals, and then only if they are killed or their destruction is made necessary.

b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:

(1) Glass; or

(2) Containers of property held for sale.

c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.

However, this limitation does not apply:

(1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or

(2) To Business Income Coverage or to Extra Expense Coverage.

3. The special limit shown for each category, a. through d., is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are (unless a higher limit is shown in the Declarations):

- a. \$2,500 for furs, fur garments and garments trimmed with fur.
- b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
- c. \$2,500 for patterns, dies, molds and forms.
- d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, C.3., does not apply to Business Income Coverage or to Extra Expense Coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire-extinguishing equipment if the damage:

- a. Results in discharge of any substance from an automatic fire protection system; or
- b. Is directly caused by freezing.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

#### D. Additional Coverage – Collapse

The coverage provided under this Additional Coverage, Collapse, applies only to an abrupt collapse as described and limited in D.1. through D.7.

1. For the purpose of this Additional Coverage, Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:

- a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
- b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
- c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
- d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:

- (1) A cause of loss listed in 2.a. or 2.b.;
- (2) One or more of the "specified causes of loss";
- (3) Breakage of building glass;
- (4) Weight of people or personal property; or
- (5) Weight of rain that collects on a roof.

3. This **Additional Coverage – Collapse** does **not** apply to:

- a. A building or any part of a building that is in danger of falling down or caving in;
- b. A part of a building that is standing, even if it has separated from another part of the building; or
- c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

- a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;

- b. Awnings, gutters and downspouts;
  - c. Yard fixtures;
  - d. Outdoor swimming pools;
  - e. Fences;
  - f. Piers, wharves and docks;
  - g. Beach or diving platforms or appurtenances;
  - h. Retaining walls; and
  - i. Walks, roadways and other paved surfaces;
- if an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.**, we will pay for loss or damage to that property only if:

- (1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and
- (2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is **not** the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:
- a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.**;
  - b. The personal property which collapses is inside a building; and
  - c. The property which collapses is not of a kind listed in **4.**, regardless of whether that kind of property is considered to be personal property or real property.

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

- 6. This Additional Coverage, Collapse, does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- 7. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.
- 8. The term Covered Cause of Loss includes the Additional Coverage, Collapse, as described and limited in **D.1.** through **D.7.**

**E. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria**

1. The coverage described in **E.2.** and **E.6.** only applies when the "fungus", wet or dry rot or bacteria are the result of one or more of the following causes that occur during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence:

- a. A "specified cause of loss" other than fire or lightning; or
- b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

This Additional Coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.

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

- a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
- b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
- c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

3. The coverage described under **E.2.** of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continue to be present or active, or recur, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria cause an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph F.2. (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss form or under the Additional Coverage, Collapse.
6. The following, 6.a. or 6.b., applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form:
- a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
  - b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

## F. Additional Coverage Extensions

### 1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
  - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
  - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
  - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is \$5,000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

### 2. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

### 3. Glass

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.
- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension **F.3.** does not increase the Limit of Insurance.

### G. Definitions

- 1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
  - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
    - (1) The cost of filling sinkholes; or
    - (2) Sinking or collapse of land into man-made underground cavities.
  - b. Falling objects does not include loss or damage to:
    - (1) Personal property in the open; or
    - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
  - c. Water damage means:
    - (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam; and

- (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe caused by wear and tear, when the pipe is located off the described premises and is connected to or is part of a potable water supply system or sanitary sewer system operated by a public or private utility service provider pursuant to authority granted by the state or governmental subdivision where the described premises are located.

But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion. Therefore, for example, there is no coverage under this policy in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth in **c.(1)** or **c.(2)** of this definition of "specified causes of loss," such water is not subject to the provisions of the Water Exclusion which preclude coverage for surface water or water under the surface of the ground.



**B.** Separate Limits (If a separate Limit of Insurance is entered in this section of the Schedule, **B.**, for a particular Covered Property/Coverage, that Covered Property/Coverage should NOT be included under a Blanket Limit.)

<u><b>Premises #1</b></u>		<u><b>Premises #2</b></u>		<u><b>Premises #3</b></u>	
Bldg.	\$ _____	Bldg.	\$ _____	Bldg.	\$ _____
BPP	\$ _____	BPP	\$ _____	BPP	\$ _____
BI (CP 00 30)	\$ _____	BI (CP 00 30)	\$ _____	BI (CP 00 30)	\$ _____
BI (CP 00 32)	\$ _____	BI (CP 00 32)	\$ _____	BI (CP 00 32)	\$ _____
EE (CP 00 50)	\$ _____	EE (CP 00 50)	\$ _____	EE (CP 00 50)	\$ _____
Other:	\$ _____	Other:	\$ _____	Other:	\$ _____

Increased Annual Aggregate Limit Option:  Yes  No

Bldg. = Building; BPP = Business Personal Property; BI = Business Income Coverage Form; EE = Extra Expense Coverage Form

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

## **EARTHQUAKE AND VOLCANIC ERUPTION COVERAGE (SUB-LIMIT FORM WITH FLAT-DOLLAR DEDUCTIBLE)**

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART  
STANDARD PROPERTY POLICY

**A.** When this endorsement is attached to the Standard Property Policy, the terms Coverage Part and Coverage Form in this endorsement are replaced by the term policy.

**B.** This endorsement applies to the Covered Property and Coverages for which an Earthquake – Volcanic Eruption Limit Of Insurance is shown in the Earthquake – Volcanic Eruption Coverage Schedule or in the Declarations.

**C. Additional Covered Causes Of Loss**

1. The following are added to the Covered Causes of Loss:

- a. Earthquake.
- b. Volcanic Eruption, meaning the eruption, explosion or effusion of a volcano.

All Earthquake shocks or Volcanic Eruptions that occur within any 168-hour period will constitute a single Earthquake or Volcanic Eruption. The expiration of this Policy will not reduce the 168-hour period.

2. If the Earthquake – Volcanic Eruption Coverage Schedule or the Declarations indicates that this endorsement covers Earthquake – Sprinkler Leakage Only, then the Covered Causes of Loss in Paragraph **C.1.** of this endorsement do not apply, and the following apply instead:

- a. Sprinkler Leakage resulting from Earthquake.
- b. Sprinkler Leakage resulting from Volcanic Eruption. Volcanic Eruption means the eruption, explosion or effusion of a volcano.

All Earthquake shocks or Volcanic Eruptions that occur within any 168-hour period will constitute a single Earthquake or Volcanic Eruption. The expiration of this Policy will not reduce the 168-hour period.

**D. Exclusions, Limitations And Related Provisions**

1. The Exclusions and Limitation(s) sections of the Causes Of Loss Form (and the Exclusions section of the Mortgageholders Errors And Omissions Coverage Form and the Standard Property Policy) apply to coverage provided under this endorsement, except as provided in Paragraphs **D.2.** and **D.3.** below.
2. To the extent that the Earth Movement Exclusion might conflict with coverage provided under this endorsement, the Earth Movement Exclusion does not apply.
3. The exclusion of collapse, in the Causes Of Loss – Special Form and Mortgageholders Errors And Omissions Coverage Form, does not apply to collapse caused by Earthquake or Volcanic Eruption.
4. The Additional Coverage – Collapse, in the Causes Of Loss – Broad Form, Causes Of Loss – Special Form and Mortgageholders Errors And Omissions Coverage Form, does not apply to the coverage provided under this endorsement. This endorsement includes coverage for collapse caused by Earthquake or Volcanic Eruption.
5. We will not pay for loss or damage caused directly or indirectly by tidal wave or tsunami, even if attributable to an Earthquake or Volcanic Eruption.



- 6. We will not pay for loss or damage caused by or resulting from any Earthquake or Volcanic Eruption that begins before the inception of this insurance.
- 7. The Ordinance Or Law Exclusion in this Coverage Part continues to apply with respect to any loss under this Coverage Part including any loss under this endorsement, unless Ordinance Or Law Coverage is added by endorsement.
- 8. We will not pay for loss of or damage to exterior masonry veneer (except stucco) on wood frame walls caused by or resulting from Earthquake or Volcanic Eruption. The value of such veneer will not be included in the value of Covered Property or the amount of loss when applying the Property Damage Deductible applicable to this endorsement.

This limitation, **D.8.**, does not apply if:

- a. The Earthquake – Volcanic Eruption Coverage Schedule or the Declarations indicates that the "Including Masonry Veneer" option applies; or
- b. Less than 10% of the total outside wall area is faced with masonry veneer (excluding stucco).

- 9. Under this Coverage Part, as set forth under Property Not Covered in the Coverage Form to which this endorsement is attached, land is not covered property, nor is the cost of excavations, grading, backfilling or filling. Therefore, coverage under this endorsement does not include the cost of restoring or remediating land.

**E. No Coinsurance**

The Coinsurance Condition in this Policy, if any, does not apply to the coverage provided under this endorsement.

Various Coverage Extensions, in the Coverage Form to which this endorsement is attached, require coinsurance. The coinsurance requirement for such Coverage Extensions is eliminated with respect to coverage provided under this endorsement.

**F. Limit Of Insurance**

**1. General Information**

The term Limit of Insurance means the Limit of Insurance applicable to Earthquake – Volcanic Eruption for the Covered Property or Coverage under which loss or damage is sustained.

The Earthquake – Volcanic Eruption Coverage Schedule or the Declarations provides information on the Limit of Insurance applicable to Covered Property and Coverages for Earthquake – Volcanic Eruption.

**2. Annual Aggregate Limit**

The Limit of Insurance for Earthquake – Volcanic Eruption is an annual aggregate limit and as such is the most we will pay for the total of all loss or damage that is caused by Earthquake or Volcanic Eruption in a 12-month period (starting with the beginning of the present annual policy period), even if there is more than one Earthquake or Volcanic Eruption during that period of time. Thus, if the first Earthquake or Volcanic Eruption does not exhaust the Limit of Insurance, then the balance of that Limit is available for a subsequent Earthquake(s) or Volcanic Eruption(s).

If a single Earthquake or Volcanic Eruption (as defined in Section **C.** of this endorsement) begins during one annual policy period and ends during the following annual policy period, any Limit of Insurance applicable to the following annual policy period will **not** apply to such Earthquake or Volcanic Eruption.

**3. Increased Annual Aggregate Limit Option**

If the Earthquake – Volcanic Eruption Coverage Schedule or the Declarations indicates that the Increased Annual Aggregate Limit Option applies, then the following applies instead of Paragraph **F.2.** above:

The Limit of Insurance for Earthquake – Volcanic Eruption is the most we will pay in a single Earthquake or Volcanic Eruption (as defined in Section **C.** of this endorsement) for loss or damage caused by the Earthquake or Volcanic Eruption. If there is more than one Earthquake or Volcanic Eruption in a 12-month period (starting with the beginning of the present annual policy period), the most we will pay for the total of all loss or damage sustained during that period of time and caused by Earthquake or Volcanic Eruption is two times the Limit of Insurance.

If a single Earthquake or Volcanic Eruption (as defined in Section **C.** of this endorsement) begins during one annual policy period and ends during the following annual policy period, any Limit of Insurance applicable to the following annual policy period will **not** apply to such Earthquake or Volcanic Eruption.

**4. Additional Coverages And Coverage Extensions**

Amounts payable under an Additional Coverage or Coverage Extension, as set forth in the applicable Coverage Form, do not increase the Limit of Insurance for Earthquake – Volcanic Eruption.

**5. Limitation**

For property or coverage that is subject to a Blanket Limit on Earthquake – Volcanic Eruption (as shown in the Earthquake – Volcanic Eruption Coverage Schedule or in the Declarations), we will not pay more than we would pay in the absence of such Blanket Limit. Therefore, the maximum amount payable for any such item of property or coverage is the Limit of Insurance or stated value (as shown in a Statement of Values on file with us) specific to that item of property or coverage for Covered Causes of Loss other than Earthquake – Volcanic Eruption.

**6. Ensuing Loss**

If a Cause of Loss (such as fire) is covered by means of an exception to the Earth Movement Exclusion, in the Causes Of Loss Form, we will also pay for the loss or damage caused by that other Covered Cause of Loss. But the most we will pay, for the total of all loss or damage caused by the Earthquake, Volcanic Eruption and other Covered Cause of Loss, is the Limit of Insurance applicable to such other Covered Cause of Loss. We will **not** pay the sum of the two Limits.

**EXAMPLES – ENSUING LOSS**

Two examples follow using these facts: The Commercial Property Coverage Part, in these examples, includes the Causes Of Loss – Basic Form (which covers fire) and this Earthquake And Volcanic Eruption Coverage endorsement. A building is damaged by Earthquake, and by Fire which is caused by the Earthquake. The value of the damaged building is \$1,000,000. The Limit of Insurance applicable to the building, for the Basic Causes of Loss, is \$800,000. The Limit of Insurance for Earthquake – Volcanic Eruption is \$400,000. The Earthquake Deductible amount is \$50,000.

**Example 1**

The damage due to Earthquake is \$500,000.

The damage due to Fire is \$500,000.

Payment for Earthquake damage is \$400,000 (\$500,000 damage minus \$50,000 Earthquake deductible = \$450,000; Limit is \$400,000).

Payment for Fire damage is \$400,000 (\$500,000 damage capped at the difference between the Basic Limit and the Earthquake Limit).

Total Loss Payment is \$800,000.

**Example 2**

The damage due to Earthquake is \$800,000.

The damage due to Fire is \$100,000.

Payment for Earthquake damage is \$400,000 (\$800,000 damage minus \$50,000 Earthquake deductible = \$750,000; Limit is \$400,000).

Payment for Fire damage is \$100,000 (amount of damage).

Total Loss Payment is \$500,000.

**G. Property Damage Deductible**

1. The provisions of Section **G.3.** of this endorsement are applicable to all Coverage Forms except:
  - a. Business Income (And Extra Expense) Coverage Form;
  - b. Business Income (Without Extra Expense) Coverage Form;
  - c. Extra Expense Coverage Form.
2. If the Declarations indicates that this endorsement covers Earthquake – Sprinkler Leakage Only, then the Deductible provisions set forth in Paragraph **G.3.** of this endorsement do not apply to such coverage. The applicable Deductible for such coverage is the same Deductible that applies to Fire.
3. The Deductible, if any, in this Coverage Part is replaced by the following with respect to Earthquake and Volcanic Eruption:

**Deductible Clause**

- a. The Deductible provisions apply to each Earthquake or Volcanic Eruption. A single Earthquake or Volcanic Eruption is defined in Paragraph **C.** of this endorsement.
- b. We will not pay for loss or damage until the amount of loss or damage exceeds the applicable Deductible. Subject to the provisions of **3.c.** below, we will then pay the amount of loss or damage in excess of that Deductible, up to the applicable Limit of Insurance.

- c. Applicable Deductibles by location are shown in the Earthquake-Volcanic Eruption Coverage Schedule or in the Declarations with respect to Earthquake and Volcanic Eruption. If a Deductible is shown for a particular building, then that building is considered to be a separate location for the purpose of this Deductible Clause.

The Deductible specified for a particular location applies to all property at that location. Therefore, if a building is shown in the aforementioned Schedule or Declarations as a separate location, all Covered Property at that location is subject to that Deductible. The Deductible will apply only once at that location in each occurrence of Earthquake or Volcanic Eruption.

If one occurrence of Earthquake or Volcanic Eruption results in loss or damage at more than one location, the applicable Deductible will apply separately to loss or damage at each location that has sustained loss or damage, in accordance with the information shown for locations and Deductibles in the Earthquake-Volcanic Eruption Coverage Schedule or in the Declarations with respect to Earthquake and Volcanic Eruption. Therefore, for example, if an Earthquake damages two buildings which are shown in such Schedule or Declarations as separate locations, the applicable Deductible will be applied separately to the loss at each location.

- d. If there is loss or damage caused by Earthquake or Volcanic Eruption, and loss or damage caused by a Cause of Loss (e.g., fire) that is covered by means of an exception to the Earth Movement Exclusion, then the only applicable Deductible provisions are those stated in this endorsement.

#### EXAMPLE – APPLICATION OF DEDUCTIBLE

This example assumes:

- That the loss at each location is less than the sum of the Limit of Insurance and the Deductible applicable to that location.
- An Earthquake damages Buildings 1 and 2, and Business Personal Property at those buildings.

Location	Deductible	Loss to Building	Loss to Business Personal Property
Building Loc. 1	\$10,000	\$50,000	\$50,000
Building Loc. 2	\$10,000	\$10,000	\$20,000

#### Calculation of Loss Payment

##### Building Location 1

Total amount of loss	\$100,000
Minus deductible	<u>– \$10,000</u>
Loss Payment	\$90,000

##### Building Location 2

Total amount of loss	\$30,000
Minus deductible	<u>– \$10,000</u>
Loss Payment	\$20,000

#### H. Business Income And Extra Expense Period Of Restoration

This Section H. is applicable only to the Coverage Forms specified below:

1. Business Income (And Extra Expense) Coverage Form;
2. Business Income (Without Extra Expense) Coverage Form;
3. Extra Expense Coverage Form.

The "period of restoration" definition stated in the Coverage Form, or in any endorsement amending the beginning of the "period of restoration", applies to each Earthquake or Volcanic Eruption. A single Earthquake or Volcanic Eruption is defined in Paragraph C. of this endorsement.

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

## EQUIPMENT BREAKDOWN CAUSE OF LOSS

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – SPECIAL FORM

### SCHEDULE

Premises Number	Building Number	Higher Sub-limit*	
		Ammonia Contamination	Hazardous Substance Other Than Ammonia
		\$	\$
		\$	\$

\*Leave blank if sub-limit of up to \$25,000 applies. If higher sub-limit is shown in the Schedule, the higher sub-limit applies instead.

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

**A. Equipment Breakdown**

The following is added as a Covered Cause of Loss under the Causes Of Loss – Special Form with respect to the premises described in the Schedule:

"Breakdown" Of "Covered Equipment"

All terms and conditions of the Causes Of Loss – Special Form apply to "breakdown" of "covered equipment", except as otherwise provided in this endorsement.

**B. Exclusions**

With respect to the coverage provided by this endorsement:

1. Exclusion **B.2.a.**, relating to artificially generated electrical, magnetic and electromagnetic energy, does not apply, except that we will not pay for loss or damage caused by or resulting from a high-altitude release of electromagnetic energy;
2. Exclusion **B.2.d.(6)**, relating to mechanical breakdown, does not apply;
3. Exclusion **B.2.e.**, relating to explosion of steam boilers, steam pipes, steam engines and steam turbines, does not apply;

4. The following exclusion is added:

We will not pay for loss or damage to "covered equipment" undergoing a pressure or electrical test. However, we will pay for loss or damage caused by resulting fire or explosion.

5. Exclusions **B.2.d.(1)** and **B.2.d.(2)** are replaced by the following exclusions:

- (1) Wear and tear, however if a "breakdown" occurs we will pay for the resulting loss or damage.
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself. However, if a "breakdown" occurs we will pay for the resulting loss or damage.

**C. Limitations**

With respect to the coverage provided by this endorsement:

1. Limitation **C.1.a.**, relating to steam boilers, steam pipes, steam engines and steam turbines, does not apply;
2. Limitation **C.1.b.**, relating to hot water boilers and other water heating equipment, does not apply.

#### D. Limit Of Insurance And Deductible

1. Coverage for direct physical loss or damage is subject to the Limit of Insurance and Deductible otherwise applicable to the "covered equipment" as Covered Property. Coverage under this endorsement does not increase such Limit of Insurance and therefore is not additional insurance.
2. If coverage at the described premises includes the Business Income (With Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form or Extra Expense Coverage Form, any covered business income loss or extra expense attributable to the "breakdown" of "covered equipment" is subject to the Limit of Insurance and waiting period otherwise applicable to the described premises under such Coverage Form. Coverage under this endorsement does not increase such Limit of Insurance and therefore is not additional insurance.
3. If an initial "breakdown" causes other "breakdowns", all will be considered to be one occurrence. All "breakdowns" at a site containing one or more described premises, that manifest themselves at the same time and are the direct result of the same cause, will be considered to be one occurrence.
4. Unless otherwise indicated in the Schedule, the most we will pay for direct physical loss or damage by Ammonia Contamination or Hazardous Substance as a result of "breakdown" of "covered equipment" is 10% of the Limit of Insurance applicable to the "covered equipment" as Covered Property, or \$25,000, whichever is less. If a higher sub-limit is shown in the Schedule, that sub-limit applies instead. The applicable sub-limit applies separately to Ammonia Contamination and Hazardous Substance. Amounts payable for Ammonia Contamination and Hazardous Substance do not increase the applicable Limit of Insurance. Therefore the most we will pay for the total of all direct physical loss or damage resulting from "breakdown" of "covered equipment", including Ammonia Contamination and Hazardous Substance, is the applicable Limit of Insurance.

Ammonia Contamination and Hazardous Substance have the following meanings with respect to the coverage under this endorsement:

##### a. Ammonia Contamination

Spoilage of Covered Property contaminated by ammonia, including salvage expense.

##### b. Hazardous Substance

Cost incurred by you for the cleanup, repair, replacement or disposal of Covered Property that is damaged, contaminated or polluted by a hazardous substance, meaning any substance other than ammonia that has been declared to be hazardous to health by a government agency.

#### E. Suspension

Whenever any "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 a "breakdown" to that "covered equipment". This can be done by delivering or mailing a written notice of suspension to your last known address or the address where the "covered equipment" is located, or as otherwise required by applicable law concerning notification of suspension.

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 receive a pro rata refund of the premium attributable to this endorsement. But the suspension will be effective even if we have not yet paid or offered a refund.

#### F. Definitions

The following definitions apply to the coverage provided under this endorsement:

##### 1. "Breakdown":

- a. Means the following direct physical loss that causes damage to "covered equipment" and necessitates its repair or replacement:

- (1) Failure of pressure or vacuum equipment;
  - (2) Mechanical failure including rupture or bursting caused by centrifugal force; or
  - (3) Electrical failure including arcing;
- unless such loss or damage is otherwise excluded.

- b. Does not mean or include:

- (1) Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification;
- (2) Defects, erasures, errors, limitations or viruses in computer equipment and programs including the inability to recognize and process any date or time or provide instructions to "covered equipment";

- (3) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
  - (4) Damage to any vacuum tube, gas tube, or brush;
  - (5) Damage to any structure or foundation supporting the "covered equipment" or any of its parts;
  - (6) The functioning of any safety or protective device; or
  - (7) The cracking of any part on an internal combustion gas turbine exposed to the products of combustion.
2. "Covered equipment":
- a. Means and includes:
    - (1) Equipment built to operate under internal pressure or vacuum other than weight of contents;
    - (2) Electrical or mechanical equipment that is used in the generation, transmission or utilization of energy;
    - (3) Communication equipment; and
    - (4) Computer equipment, that is, your programmable electronic equipment that is used to store, retrieve and process data, and associated peripheral equipment that provides communication input and output functions or auxiliary functions.
  - b. Does not mean or include any:
    - (1) Data, that is, programmed or recorded material stored on media, and programming records used for electronic data processing or electronically controlled equipment;
    - (2) Media, including but not limited to media on which data is or can be stored, data processing media, transmission media, and data and program software;
- (3) Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum;
  - (4) Insulating or refractory material, but not excluding the glass lining of any "covered equipment";
  - (5) Catalyst;
  - (6) Vessels, piping and other equipment that is buried below ground and requires the excavation of materials to inspect, remove, repair or replace;
  - (7) Vehicle, aircraft, self-propelled equipment or floating vessel including any "covered equipment" that is mounted upon or used solely with any one or more vehicle(s), aircraft, self-propelled equipment or floating vessel;
  - (8) Dragline, excavation, or construction equipment, including any "covered equipment" that is mounted upon or used solely with any one or more dragline(s), excavation, or construction equipment;
  - (9) Felt, wire, screen, die, extrusion plate, swing hammer, grinding disc, cutting blade, non-electrical cable, chain, belt, rope, clutch plate, brake pad, nonmetal part or any part or tool subject to periodic replacement;
  - (10) Machine or apparatus used solely for research, diagnosis, medication, surgical, therapeutic, dental or pathological purposes including any "covered equipment" that is mounted upon or used solely with any one or more machine(s) or apparatus; or
  - (11) Equipment or any part of such equipment manufactured by you for sale.

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

## FLOOD COVERAGE SCHEDULE

This endorsement provides supplementary information to be used with the following:

FLOOD COVERAGE ENDORSEMENT

### SCHEDULE

<b>Inception Date Of Flood Coverage Endorsement:</b> 7/1/2021
<b>Note:</b> There is no coverage for a Flood that begins before or within 72 hours after this date, subject to a limited exception. Refer to Section <b>D.5.a.</b> of the endorsement for additional information.
<b>Description Of Premises Or Location(s):</b> Applies to all locations on the Attached <b>SCHEDULE OF LOCATIONS</b> that indicate Flood Coverage. Coverage is provided for Zones C and X (Unshaded) only.
<b>Description Of Personal Property In The Open, If Covered For Flood:</b> N/A
<b>Flood Deductible</b> \$ 50,000 per Flood
<b>No-Coinsurance Option</b> <input checked="" type="checkbox"/>
<b>Other Flood Insurance, If Any</b> (identify insurer and policy number): Primary (NFIP) Other "If any"

**Underlying Insurance Waiver**

**Note:** Refer to Section I.1. of the endorsement for an explanation of this option.

If the Underlying Insurance Waiver applies only to certain premises or locations, specify such premises or locations: (If premises or locations are not specified, the Underlying Insurance Waiver applies to all premises and locations.)

**Annual Aggregate Limit – Flood Coverage Endorsement \$ 1,000,000**

**Note:** Refer to the Limit Of Insurance provisions in the endorsement for an explanation.

**Flood Limit Of Insurance – Single Occurrence:** Enter the Limit(s) in Section A and/or B of this Schedule. Refer to the Limit Of Insurance provisions in the endorsement for an explanation.

**A. Blanket Limit \$ 1,000,000**

**Check applicable Covered Property/Coverage(s) for Blanket Limit:**

- |                                           |                                        |
|-------------------------------------------|----------------------------------------|
| <input checked="" type="checkbox"/> Bldg. | <input type="checkbox"/> BI (CP 00 32) |
| <input checked="" type="checkbox"/> BPP   | <input type="checkbox"/> EE (CP 00 50) |
| <input type="checkbox"/> BI (CP 00 30)    | <input type="checkbox"/> Other         |

The Blanket Limit does not apply separately to the Premises, Locations, Covered Property or Coverages listed. The Blanket Limit is the most we will pay for all loss or damage to the indicated Covered Property/Coverages at the Premises and Locations listed, subject to all other applicable provisions of the Limit Of Insurance section in the Flood Coverage endorsement.

**B. Separate Limits** (If a separate Limit Of Insurance is entered in this section of the Schedule, B., for a particular Covered Property/Coverage, that Covered Property/Coverage should NOT be included under a Blanket Limit.)

<u>Premises #1</u>		<u>Premises #2</u>		<u>Premises #3</u>	
Bldg.	\$	Bldg.	\$	Bldg.	\$
BPP	\$	BPP	\$	BPP	\$
BI (CP 00 30)	\$	BI (CP 00 30)	\$	BI (CP 00 30)	\$
BI (CP 00 32)	\$	BI (CP 00 32)	\$	BI (CP 00 32)	\$
EE (CP 00 50)	\$	EE (CP 00 50)	\$	EE (CP 00 50)	\$
Other	\$	Other	\$	Other	\$

Bldg. = Building; BPP = Business Personal Property; BI = Business Income Coverage Form; EE = Extra Expense Coverage Form



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

## **FLOOD COVERAGE ENDORSEMENT**

This endorsement modifies insurance provided under the following:

### COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

- A.** When this endorsement is attached to the Standard Property Policy, the terms Coverage Part and Coverage Form in this endorsement are replaced by the term Policy.
- B.** This endorsement applies to the Covered Property and Coverages for which a Flood Limit Of Insurance is shown in the Flood Coverage Schedule or in the Declarations.
- C. Additional Covered Cause Of Loss**  
The following is added to the Covered Causes of Loss:  
Flood, meaning a general and temporary condition of partial or complete inundation of normally dry land areas due to:
1. The overflow of inland or tidal waters;
  2. The unusual or rapid accumulation or runoff of surface waters from any source; or
  3. Mudslides or mudflows which are caused by flooding as defined in **C.2.** above. For the purpose of this Covered Cause of Loss, a mudslide or mudflow involves a river of liquid and flowing mud on the surface of normally dry land areas as when earth is carried by a current of water and deposited along the path of the current.
- All flooding in a continuous or protracted event will constitute a single flood.
- D. Exclusions, Limitations And Related Provisions**
1. The Exclusions and Limitation(s) sections of the Causes Of Loss form (and the Exclusions section of the Mortgageholders Errors And Omissions Coverage Form and the Standard Property Policy) apply to coverage provided under this endorsement except as provided in **D.2.** and **D.3.** below.
  2. To the extent that a part of the Water Exclusion might conflict with coverage provided under this endorsement, that part of the Water Exclusion does not apply.
  3. To the extent that a tsunami causes the overflow of tidal waters, the exclusion of earthquake, in the Earth Movement Exclusion, does not apply.
  4. The **Ordinance Or Law** Exclusion in this Coverage Part continues to apply with respect to any loss under this Coverage Part including any loss under this endorsement, unless Ordinance Or Law Coverage is added by endorsement.
  5. The following exclusions and limitations are added and apply to coverage under this endorsement:
    - a. We will not pay for any loss or damage caused by or resulting from any Flood that begins before or within 72 hours after the inception date of this endorsement. However, this limitation does not apply to a particular location if Flood coverage was in effect for that location for at least 72 hours immediately prior to the inception date of this endorsement, under a policy issued by us or by another insurer, and this policy replaces the previous policy without a lapse in coverage. If you request and we provide an increase in the stated Limit of Insurance for Flood during the term of this policy, with the exception of an increase at the time of renewal of the policy, the increase will not apply to loss or damage from any Flood that begins before or within 72 hours after your request was made.  
  
If the Flood is due to the overflow of inland or tidal waters, then the Flood is considered to begin when the water first overflows its banks.

- b. We will not pay for loss or damage caused by or resulting from destabilization of land arising from the accumulation of water in subsurface land areas.
- c. Under this Coverage Part, as set forth under Property Not Covered in the Coverage Form to which this endorsement is attached, land is not covered property, nor is the cost of excavations, grading, backfilling or filling. Therefore, coverage under this endorsement does not include the cost of restoring or remediating land due to the collapse or sinking of land caused by or resulting from Flood. However, coverage under this endorsement includes damage to the covered portions of the building and to covered personal property, caused by collapse or sinking of land along the shore of a body of water as the result of erosion or undermining caused by waves or currents of water which exceed the cyclical levels and cause Flood.
- d. We do not cover loss or damage by Flood to personal property in the open except to the extent that such coverage, if any, is specified in the Flood Coverage Schedule or in the Declarations.
- e. Property Not Covered, in the Coverage Form to which this endorsement is attached, is amended and supplemented as follows with respect to Flood Coverage:
  - (1) Property Not Covered includes any building or other property that is not eligible for flood insurance pursuant to the provisions of the Coastal Barrier Resources Act, 16 U.S.C. 3501 *et seq.*, and the Coastal Barrier Improvement Act of 1990, Pub. L. 101-591, 16 U.S.C. 3501 *et seq.*
  - (2) Property Not Covered includes boat houses and open structures, and any property in or on the foregoing, if the structure is located on or over a body of water.
  - (3) If bulkheads, pilings, piers, wharves, docks, or retaining walls that are not part of a building, have been removed from Property Not Covered and added as Covered Property by separate endorsement, this Flood Coverage Endorsement does not apply to such property.
- (4) The following are removed from Property Not Covered and are therefore Covered Property:
  - (a) Foundations below the lowest basement floor or the subsurface of the ground; and
  - (b) Underground pipes, flues and drains.
- f. We will not pay for loss or damage caused by discharge of water or waterborne material from a sewer, drain or sump unless such discharge results from Flood and occurs within 72 hours after the Flood recedes.

**E. Additional Coverages And Coverage Extensions**

- 1. With respect to Flood Coverage, the Debris Removal Additional Coverage (and any additional limit for Debris Removal under a Limit of Insurance clause or an endorsement) is not applicable and is replaced by the following:

**Debris Removal**

- a. We will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from Flood. However, we will not pay to remove deposits of mud or earth from the grounds of the described premises.
  - b. We will also pay the expense to remove debris of Covered Property that has floated or been hurled off the described premises by Flood.
  - c. This coverage for Debris Removal, as set forth in **E.1.a.** and **E.1.b.** above, does not increase the applicable Limit of Insurance for Flood. Therefore, the most we will pay for the total of debris removal and loss or damage to Covered Property is the Limit of Insurance for Flood that applies to the Covered Property at the affected described premises covered under this endorsement.
- 2. With respect to Flood Coverage, the Coverage Extension for Newly Acquired or Constructed Property is amended by adding the following:
    - a. With respect to Flood Coverage, this Coverage Extension does not apply to any building or structure that is not fully enclosed by walls and roof.

b. With respect to a building or structure covered under this Coverage Extension, the amounts of coverage stated in the Coverage Extension do not apply to Flood Coverage. Instead, the most we will pay for all loss or damage to property covered under this Coverage Extension is 10% of the total of all Limits of Insurance for Flood Coverage as provided under this endorsement. Such coverage does not increase the Limit of Insurance for Flood.

3. With respect to any applicable Additional Coverages and Coverage Extensions in the Coverage Form to which this endorsement is attached, other than those addressed in **E.1.** and **E.2.** above, amounts payable under such other provisions, as set forth therein, do not increase the Limit of Insurance for Flood.

#### F. Coinsurance

1. The **Coinsurance** Condition, if any, in the applicable Coverage Form applies to the coverage provided under this endorsement, unless the No-Coinsurance Option, in the Flood Coverage Schedule or in the Declarations, is specified as being applicable.

2. Various Coverage Extensions, in the Coverage Form to which this endorsement is attached, require coinsurance. If the No-Coinsurance Option applies, then the coinsurance requirement for such Coverage Extensions is eliminated.

#### G. Limit Of Insurance

##### 1. General Information

Flood Coverage may be written at a Limit of Insurance that is equal to or less than the Limit of Insurance which applies to other Covered Causes of Loss (e.g., Fire) under this Commercial Property Coverage Part.

The Limit Of Insurance for Flood is shown in the Flood Coverage Schedule or in the Declarations. If such Limit is not shown, then the Limit applicable to Fire also applies to Flood.

##### 2. Application Of Limit And Aggregate

The Limit of Insurance for Flood is the most we will pay in a single occurrence of Flood for loss or damage caused by the Flood. If there is more than one Flood in a 12-month period (starting with the beginning of the present annual policy period), the most we will pay for the total of all loss or damage sustained during that period of time and caused by Flood is the amount that is identified as the Annual Aggregate for Flood as shown in the Flood Coverage Schedule or the Declarations.

If the Limit of Insurance and the Annual Aggregate amount are the same, or if there is no amount stated as an Annual Aggregate, then the Limit of Insurance is the most we will pay for the total of all loss or damage that is caused by Flood in a 12-month period (starting with the beginning of the present annual policy period), even if there is more than one occurrence of Flood during that period of time. Thus, if the first Flood does not exhaust the applicable Limit of Insurance, then the balance of that Limit is available for a subsequent Flood(s).

If a single occurrence of Flood begins during one annual policy period and ends during the following annual policy period, any Limit of Insurance or Annual Aggregate applicable to the following annual policy period will **not** apply to that Flood.

##### 3. Ensuing Loss

In the event of covered ensuing loss, for example, loss caused by Fire, Explosion and/or Sprinkler Leakage which results from the Flood, the most we will pay, for the total of all loss or damage caused by flood, fire, explosion and sprinkler leakage, is the Limit of Insurance applicable to Fire. We will **not** pay the sum of the Fire and Flood Limits.

#### EXAMPLES – ENSUING LOSS

Two examples follow, using these facts: The Commercial Property Coverage Part, in these examples, includes the Causes Of Loss – Basic Form (which covers fire) and this Flood Coverage Endorsement. A building is damaged by Flood and by Fire which is caused by the Flood. The value of the damaged building is \$1,000,000. The Limit of Insurance applicable to the building, for the Basic Causes of Loss, is \$800,000. The Limit of Insurance for Flood is \$400,000. The Flood Deductible amount is \$5,000.

##### EXAMPLE 1

The damage due to Flood is \$500,000. The damage due to Fire is \$500,000.

Payment for Flood damage is \$400,000 (\$500,000 damage minus \$5,000 Flood deductible = \$495,000; Limit is \$400,000).

Payment for Fire damage is \$400,000 (\$500,000 damage capped at the difference between the Basic Limit and the Flood Limit).

Total Loss Payment is \$800,000.

## EXAMPLE 2

The damage due to Flood is \$800,000. The damage due to Fire is \$100,000.

Payment for Flood damage is \$400,000 (\$800,000 damage minus \$5,000 Flood deductible = \$795,000; Limit is \$400,000).

Payment for Fire damage is \$100,000 (amount of damage).

Total Loss Payment is \$500,000.

**Note:** These examples are given only to illustrate the situation of Flood and ensuing loss. Therefore, the loss payment stated for Flood damage does not address the situation where another policy also covers the Flood damage.

### H. Deductible

1. The Deductible for coverage provided under this endorsement is the Deductible applicable to Flood as shown in the Flood Coverage Schedule or in the Declarations.
2. We will not pay that part of the loss that is attributable to any Deductible(s) in the National Flood Insurance Program policy.
3. If Flood results in another Covered Cause of Loss and if both Covered Causes of Loss cause loss or damage, then only the higher deductible applies (e.g., the Flood deductible or the Fire deductible).

### I. Other Insurance

The **Other Insurance** Commercial Property Condition is replaced by the following with respect to the coverage provided under this endorsement:

1. If the loss is also covered under a National Flood Insurance Program (NFIP) policy, or if the property is eligible to be written under an NFIP policy but there is no such policy in effect, then we will pay only for the amount of loss in excess of the maximum limit that can be insured under that policy. This provision applies whether or not the maximum NFIP limit was obtained or maintained, and whether or not you can collect on the NFIP policy. We will not, under any circumstances, pay more than the applicable Limit Of Insurance for Flood as stated in the Flood Coverage Schedule or the Declarations of this Coverage Part.

However, this Provision **I.1.** does not apply under the following circumstances:

- a. At the time of loss, the property is eligible to be written under an NFIP policy but such policy is not in effect due solely to ineligibility of the property at the time this Flood Coverage Endorsement was written; or
  - b. An NFIP policy is not in effect because we have agreed to write this Flood Coverage Endorsement without underlying NFIP coverage. There is such an agreement only if the Flood Coverage Schedule or the Declarations indicate that the Underlying Insurance Waiver applies.
2. If there is other insurance covering the loss, other than that described in **I.1.** above, we will pay our share of the loss. Our share is the proportion that the applicable Limit of Insurance under this endorsement bears to the total of the applicable Limits of Insurance under all other such insurance. But we will not pay more than the applicable Limit Of Insurance stated in the Flood Coverage Schedule or the Declarations of this Coverage Part.

# Property Enhancement Endorsement For Public Entities



Policy No.	Eff. Date of Pol.	Exp. Date of Pol.	Eff. Date of End.	Producer No.	Add'l. Prem.	Return Prem.
<b>CPO-0632579-02</b>	<b>7/1/2021</b>	<b>7/1/2022</b>	<b>7/1/2021</b>	<b>56139000</b>	<b>N/A</b>	<b>N/A</b>

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

This endorsement modifies insurance provided under the:

**Building And Personal Property Coverage Form  
Causes Of Loss – Special Form**

With respect to coverage provided by this endorsement, the provisions of the Coverage Form and the Causes Of Loss – Special Form apply unless modified by this endorsement.

The provisions of this endorsement do not apply to the premises set forth in the Property Enhancement Endorsement For Public Entities Supplemental Schedule as Premises Not Covered. The Ordinance or Law Coverage provisions of this endorsement do not apply to the premises set forth in the Property Enhancement Endorsement For Public Entities Supplemental Schedule as Premises Not Covered for Ordinance or Law.

**A. The Building And Personal Property Coverage Form is amended as follows:**

**1. Broadened Premises**

The reference to 100 feet is changed to 1,000 feet where it appears in:

- a. Subparagraph A.1.a.(5)(b) Building;**
- b. Subparagraph A.1.b. Your Business Personal Property;**
- c. Subparagraph A.1.c.(2) Personal Property Of Others;**
- d. The first sentence of subparagraph A.5. Coverage Extensions; and**
- e. Subparagraph A.5.g. Business Personal Property Temporarily In Portable Storage Units.**

**2. Foundations, Underground Pipes, Flues Or Drains**

Subparagraphs **g.** and **m.** in Section **A. Coverage**, Paragraph **2. Property Not Covered** are deleted in their entirety.

**3. Building Glass – Tenant**

- a. We will pay for direct physical loss of or damage to building glass at a building shown on the Property Declarations caused by or resulting from a Covered Cause of Loss, provided that:**
  - (1) You are a tenant of the building shown in the Property 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 the Valuation Condition applicable under this Coverage Form or Policy, or at the amount for which you are liable under contract, whichever is less. If required by law, glass is covered at the cost of replacement with safety glazing**

material. However, the most we will pay for the coverage provided under this endorsement is the Limit Of Insurance for Business Personal Property shown in the Commercial Property Coverage Part Supplemental Declarations.

#### 4. Debris Removal

a. Subparagraph 4.a.(3) of the **Debris Removal** Additional Coverage is replaced by the following:

(3) Subject to the exceptions in Subparagraph 4.a.(4) below, the following provisions apply:

- (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit Of Insurance applicable to the Covered Property that has sustained loss or damage
- (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$10,000 at each location.

b. Subparagraph 4.a.(4) of the **Debris Removal** Additional Coverage is replaced by the following:

(4) We will pay up to the additional Limit Of Insurance shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit Of Insurance on the Covered Property that has sustained loss or damage.
- (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) above applies, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit Of Insurance on the Covered Property that has sustained loss or damage, plus the additional Limit Of Insurance shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule.

c. **Example #2** in Subparagraph 4.a.(5) of the **Debris Removal** Additional Coverage is replaced by the following:

##### **Example #2**

Limit Of Insurance: \$ 200,000

Debris Removal Limit: \$250,000

Amount of Deductible: \$ 500

Amount of Loss: \$ 180,000

Amount of Loss Payable: \$ 179,500

(\$180,000 – \$500)

Debris Removal Expense: \$ 130,000

Debris Removal Expense Payable

Basic Amount: \$ 20,500

Additional Amount: \$ 109,500

The basic amount payable for debris removal expense under the terms of paragraph (3) is calculated as follows:  $\$180,000 (\$179,500 + \$500) \times .25 = \$45,000$ ; capped at \$20,500. The cap applies because the sum of the loss payable (\$179,500) and the basic amount payable for debris removal expense (\$20,500) cannot exceed the Limit Of Insurance (\$200,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of paragraph (4), because the debris removal expense (\$130,000) exceeds 25% of the loss payable plus the deductible (\$130,000 is 72% of \$180,000), and because the sum of the loss payable and debris removal expense (\$179,500 + \$130,000 = \$309,500) would exceed the Limit Of Insurance (\$200,000). The additional amount of covered debris removal expense is the amount shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule for debris removal expense (\$250,000). Thus the total payable for debris removal expense in this example is \$130,000.

## 5. Preservation Of Property

Subparagraph 4.b.(2) of the **Preservation Of Property** Additional Coverage is replaced by the following:

(2) Only if the loss or damage occurs within 90 days after the property is first moved.

## 6. Fire Department Service Charge

The **Fire Department Service Charge** Additional Coverage is replaced by the following:

### c. Fire Department Service Charge

(1) When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to the Limit Of Insurance shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule for service at each premises described in the Declarations, Such limit is the most we will pay regardless of the number of responding fire departments or fire units and regardless of the number or type of services performed. This Additional Coverage applies to your liability for fire department service charges:

(a) Assumed by contract or agreement prior to loss; or

(b) Required by local ordinance.

(2) This Additional Coverage does not apply to service charges assessed against you by a fire department or agency owned, controlled or operated by you.

(3) No Deductible applies to this Additional Coverage.

## 7. Pollutant Cleanup And Removal

The last paragraph of the **Pollutant Clean-Up And Removal** Additional Coverage is replaced by the following:

The most we will pay under this Additional Coverage for each described premises is the Limit Of Insurance shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

## 8. Ordinance Or Law Coverage

The **Increased Cost Of Construction** Additional Coverage is replaced by the following:

### e. Ordinance Or Law Coverage

#### (1) Application Of Coverage(s)

The Coverage(s) provided by this Section applies only if both (1)(a) and (1)(b) are satisfied and are then subject to the qualifications set forth in (1)(c).

(a) The ordinance or law:

(i) Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and

(ii) Is in force at the time of loss.

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

(b) (i) The building sustains direct physical damage that is covered under this policy and as a result of such damage you are required to comply with the ordinance or law; or

- (ii) The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and as a result of the building damage in its entirety, you are required to comply with the ordinance or law.
  - (iii) But if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this Section even if the building has also sustained covered direct physical damage.
- (c) In the situation described in (1)(b)(ii) above, we will not pay the full amount of loss otherwise payable under the terms of Coverages **A**, **B** and/or **C** of this Section. Instead, we will pay a proportion of such loss; meaning the proportion that the covered direct physical damage bears to the total direct physical damage. (Subparagraph (7) of this Section provides an example of this procedure.)

However, if the covered direct physical damage, alone, would have resulted in a requirement to comply with the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of Coverages **A**, **B** and/or **C** of this Section.

(2) We will not pay under Coverage **A**, **B** or **C** of this Section for:

- (a) Enforcement of or compliance with any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
- (b) The costs associated with the enforcement of or compliance with any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

(3) **Coverage**

**(a) Coverage A – Coverage For Loss To The Undamaged Portion Of The Building**

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage **A** for the loss in value of the undamaged portion of the building as a consequence of a requirement to comply with an ordinance or law that requires demolition of undamaged parts of the same building.

Coverage **A** is included within the Limit Of Insurance shown in the Declarations as applicable to the covered building. Coverage **A** does not increase the Limit Of Insurance.

**(b) Coverage B – Demolition Cost Coverage**

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of a requirement to comply with an ordinance or law that requires demolition of such undamaged property.

The Coinsurance Additional Condition does not apply to Demolition Cost Coverage.

**(c) Coverage C – Increased Cost Of Construction Coverage**

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

- i Repair or reconstruct damaged portions of that building; and/or
- ii Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

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

However:

- i This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.



- ii We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

The Coinsurance Additional Condition does not apply to Increased Cost Of Construction Coverage.

- (ii) When a building is damaged or destroyed and Coverage **C** applies to that building in accordance with **(c)(i)** above, coverage for the increased cost of construction also applies to repair or reconstruction of the following, subject to the same conditions stated in **(c)(i)**:

- i The cost of excavations, grading, backfilling and filling; and
- ii Pilings.

Subparagraph **f.** and pilings from subparagraph **j.** of Section **A. Coverage**, Paragraph **2. Property Not Covered** do not apply with respect to the coverage described in this provision **(c)(ii)**.

#### **(4) Loss Payment**

- (a) All following loss payment provisions, **(4)(b)** and **(c)**, are subject to the apportionment procedures set forth in **(1)(c)** of this Section.

- (b) When there is a loss in value of an undamaged portion of a building to which Coverage **A** applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:

- (i) If the Replacement Cost Coverage Option applies and the property is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:

- i The amount you would actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
- ii The Limit Of Insurance shown in the Declarations as applicable to the covered building.

- (ii) If the Replacement Cost Coverage Option applies and the property is **not** repaired or replaced, or if the Replacement Cost Coverage Option does not apply, we will not pay more than the lesser of:

- i The actual cash value of the building at the time of loss; or
- ii The Limit Of Insurance shown in the Declarations as applicable to the covered building.

- (c) The most we will pay, for the total of all covered losses for Demolition Cost and Increased Cost of Construction, is the Limit Of Insurance shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule for Coverage **B Demolition Cost** and Coverage **C Increased Cost Of Construction** combined. Subject to this Limit Of Insurance, the following loss payment provisions apply:

- (i) For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.

- (ii) With respect to the Increased Cost of Construction:

- i We will not pay for the increased cost of construction:
  - a) Until the property is actually repaired or replaced, at the same or another premises; and
  - b) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- ii If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.

- iii If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

- (5) The terms of this Section apply separately to each building to which this Section applies.
- (6) Under this Section we will not pay for loss due to any ordinance or law that:
  - (a) You were required to comply with before the loss, even if the building was undamaged; and
  - (b) You failed to comply with.
- (7) Example of proportionate loss payment for Ordinance Or Law Coverage Losses (procedure as set forth in subparagraph (1)(c) of this Section).

Assume:

- Wind is a Covered Cause of Loss; Flood is an excluded Cause of Loss
- The building has a value of \$200,000
- Total direct physical damage to building: \$100,000
- The ordinance or law in this jurisdiction is enforced when building damage equals or exceeds 50% of the building's value
- Portion of direct physical damage that is covered (caused by wind): \$30,000
- Portion of direct physical damage that is not covered (caused by flood): \$70,000
- Loss under Ordinance Or Law Coverage **C** of this Section: \$60,000

**Step 1:**

Determine the proportion that the covered direct physical damage bears to the total direct physical damage.

$$\$30,000 \div \$100,000 = .30$$

**Step 2:**

Apply that proportion to the Ordinance or Law loss.

$$\$60,000 \times .30 = \$18,000$$

In this example, the most we will pay under this Section for the Coverage **C** loss is \$18,000, subject to the applicable Limit Of Insurance and any other applicable provisions.

**Note:** The same procedure applies to losses under Coverages **A** and **B** of this Section.

- (8) The Ordinance Or Law Exclusion does not apply to this Additional Coverage to the extent that such exclusion would conflict with the provisions of this Additional Coverage.
9. The following are added to Paragraph 4. **Additional Coverages**. The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage.

**g. Accounts Receivable**

- (1) We will pay:
  - (a) All amounts due from your customers that you are unable to collect;
  - (b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
  - (c) Collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage; and
  - (d) Other reasonable expenses that you incur to re-establish your records of accounts receivable, that result from Covered Causes of Loss to your records of accounts receivable.
- (2) The following exclusions apply to the Accounts Receivable Additional Coverage in addition to the exclusions found in the applicable Causes Of Loss form:

- (a) We will not pay for loss or damage caused by or resulting from any of the following:
  - (i) Alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of money, securities or other property.  
This exclusion applies only to the extent of the wrongful giving, taking or withholding.
  - (ii) Bookkeeping, accounting or billing errors or omissions.
- (b) We will not pay for loss or damage that requires any audit of records or any inventory computation to prove its factual existence.
- (3) The most we will pay for loss or damage under this Additional Coverage is the Limit Of Insurance, subject to the Deductible, shown on the Property Enhancement Endorsement For Schools Supplemental Schedule per occurrence.

#### **h. Arson, Theft Or Vandalism Information Reward**

We will, upon the conviction of those about whom the information was reported, reimburse you for the payment of such reward(s) that you actually incurred. 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 the Limit Of Insurance shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule subject to compliance with all of the following conditions:

- (1) If Covered Property is damaged or destroyed by a fire to a covered building that is declared to be an arson fire by the appropriate civil authority, or by theft or vandalism;
- (2) If 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) If such information is presented to the investigative authorities within 90 days after the start of the arson fire, theft or vandalism;
- (4) If 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) If your intent 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.

Our reimbursement to you for 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 property insured by this policy.

#### **i. Lock Replacement**

- (1) We will pay your reasonable and necessary expense incurred to replace locks or lock cylinders after a covered theft of property from or keys to any described building or structure.

Coverage applies if Business Personal Property is lost by covered theft from any described building or structure even if the keys are not known to be missing or copied.

Keys entrusted to a custodian are not considered stolen.

#### **(2) Additional Conditions**

- (a) You must notify us and the appropriate law enforcement authority of the theft as soon as practicable.
- (b) Locks and lock cylinders must be replaced within 72 hours of the discovery of the theft.
- (c) Coverage under this Additional Coverage applies to disappearance of keys only if other property is stolen or missing.
- (3) There is no coverage under this Additional Coverage for locks or lock cylinders of any property, building, structure, room or vault which is not part of any building or structure described in the Declarations.

- (4) The most we will pay under this Additional Coverage for all locks and lock cylinders is the Limit Of Insurance shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule per occurrence.

**j. Fire Protective Device Recharge**

We will pay the reasonable and necessary costs you incur to recharge or refill your fire protective devices that are permanently installed in buildings at the described premises when such devices have been discharged by accident or in the course of serving or protecting Covered Property from a Covered Cause of Loss. This Additional Coverage does not apply to periodic recharge or refilling.

The most we will pay under this Additional Coverage is the Limit Of Insurance shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule for each separate 12-month period of this policy starting from the inception date.

**k. Fine Arts**

We will pay for loss or damage to your fine arts and fine arts owned by others that are in your care, custody or control caused by or resulting from a Covered Cause of Loss.

This Additional Coverage does not apply to loss or damage caused by or resulting from:

- (1) Any repairing, restoration or retouching process;
- (2) Insects, birds, rodents or other animals;
- (3) Wear and tear;
- (4) Rust, corrosion, "fungus", decay, deterioration, hidden or latent defect or any quality in the property that causes it to damage or destroy itself;
- (5) Breakage of art glass windows, statuary, marbles, glassware, bric-a-brac, porcelains and similar fragile articles not caused directly by fire, lightning, aircraft, theft or attempted theft, cyclone, tornado, windstorm, explosion, vandalism, or by accident to the vehicle carrying the property.

The most we will pay for loss or damage under this Additional Coverage is the Limit Of Insurance, subject to the Deductible, shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule per loss.

**l. Paved Surfaces**

- (1) We will pay for loss or damage caused by or resulting from a Covered Cause of Loss to your paved surfaces consisting of and limited to patios, running tracks, playground surfaces, athletic activity surfaces, athletic fields with artificial turf, cart or foot bridges, golf cart paths, bike paths, and walkways at buildings for which Building Coverage is provided as indicated on the Commercial Property Coverage Part Supplemental Declarations. This Additional Coverage does not apply to loss or damage caused by freezing or thawing.
- (2) Subparagraph d. in Section A. Coverage, Paragraph 2. Property Not Covered does not apply to this Additional Coverage.
- (3) The most we will pay for loss or damage under this Additional Coverage is the Limit Of Insurance shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule per loss.

**m. Spoilage**

We will pay for loss or damage to property owned by you or owned by others and in your care, custody or control, resulting from:

- (1) Breakdown, meaning change in temperature or humidity resulting from mechanical breakdown or failure of refrigerating, cooling or humidity control apparatus or equipment, only while such equipment or apparatus is at the described premises;
- (2) Contamination by the refrigerant; and
- (3) Power Outage, meaning change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off the described premises, due to conditions beyond your control.

The most we will pay for loss or damage under this Additional Coverage is the Limit Of Insurance shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule per occurrence.

**n. Utility Services – Direct Damage**

(1) We will pay for loss or damage to the Covered Property caused by an interruption in utility service to the described premises. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss to:

(a) Water Supply Services, meaning the following types of property supplying water to the described premises:

- (i) Pumping stations; and
- (ii) Water mains.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services, to the described premises, such as:

- (i) Communication transmission lines, including optic fiber transmission lines;
- (ii) Coaxial cables; and
- (iii) Microwave radio relays except satellites.

It does not include overhead transmission lines.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to the described premises:

- (i) Utility generating plants;
- (ii) Switching stations;
- (iii) Substations;
- (iv) Transformers; and
- (v) Transmission lines.

It does not include overhead transmission lines.

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

(3) The Utility Services Exclusion does not apply to this Additional Coverage to the extent that such exclusion would conflict with the provisions of this Additional Coverage.

(4) The most we will pay for loss under this Additional Coverage is the Limit Of Insurance shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule per occurrence.

**o. Money And Securities**

(1) We will pay for loss of "money" and "securities" used in your business while at a bank or savings institution, within your living quarters or the living quarters of your partners or any employee having use and custody of the property at the described premises, or while in transit between any of these places, resulting directly from:

- (a) Theft, meaning any act of stealing;
- (b) Disappearance; or
- (c) Destruction.

(2) In addition to the Limitations and Exclusions applicable to property coverage, we will not pay for loss:

- (a) Resulting from accounting or arithmetical errors or omissions;
- (b) Due to the giving or surrendering of property in any exchange or purchase; or

- (c) Of property contained in any money-operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.
- (3) The most we will pay for loss under this Additional Coverage in any one occurrence is:
  - (a) The Limit Of Insurance, subject to the Deductible, shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule for Inside the Premises for "money" and "securities" while:
    - (i) In or on the described premises; or
    - (ii) Within a bank or savings institution; and
  - (b) The Limit Of Insurance, subject to the Deductible, shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule for Outside the Premises for "money" and "securities" while anywhere else.
- (4) All loss:
  - (a) Caused by one or more persons; or
  - (b) Involving a single act or series of related acts,is considered one occurrence and is subject to the Deductible shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule.
- (5) You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.
- (6) For the purposes of this Section:
  - (a) "Money" means:
    - (i) Currency, coins and bank notes in current use and having a face value; and
    - (ii) Travelers checks and money orders held for sale to the public.
  - (b) "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:
    - (i) Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
    - (ii) Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you; but does not include "money".
- (7) Subparagraph a. in Section A. Coverage, Paragraph 2. Property Not Covered does not apply to this Additional Coverage.

**p. Commandeered Property**

We will pay for loss or damage caused by or resulting from a Covered Cause of Loss to property of others that you commandeer, seize or take over for official use during an "emergency operation" and is used to assist in that "emergency operation". Coverage for such property will include the owner's lost income arising directly from the loss of use of the property while commandeered or during the repair of any covered damage that occurs while commandeered.

The most we will pay for loss or damage under this Additional Coverage is the Limit Of Insurance shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule.

**q. Musical Instruments, Band Uniforms, Athletic Equipment, And Theatrical Property**

We will pay for loss or damage to:

- (1) Your musical instruments, band uniforms, athletic equipment, theatrical property, and related equipment and accessories; and
- (2) Similar property of others that is in your care, custody or control,

if caused by a Covered Cause of Loss while such property is located temporarily away from your premises anywhere in the world.

Subparagraph i. in Section **A. Coverage**, Paragraph **2. Property Not Covered** does not apply to this Additional Coverage.

The most we will pay in any one occurrence under this Additional Coverage is the Limit Of Insurance, subject to the Deductible, shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule.

**r. Portable Equipment Used in Your Law Enforcement Operations And Your Public Safety Operations**

We will pay for loss or damage to:

- (1) Your portable equipment used in your law enforcement operations and your public safety operations; and
- (2) Similar property of others that is in your care, custody or control,

if caused by a Covered Cause of Loss while they are located in the United States of America, its territories and possessions, Canada, and Puerto Rico.

Subparagraph i. in Section **A. Coverage**, Paragraph **2. Property Not Covered** does not apply to this Additional Coverage.

The most we will pay in any one occurrence under this Additional Coverage is the Limit Of Insurance, subject to the Deductible, shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule.

**s. Portable Emergency Response Equipment**

We will pay for loss or damage to:

- (1) Your portable emergency response equipment; and
- (2) Similar property of others that is in your care, custody or control,

if caused by a Covered Cause of Loss while they are located in the United States of America, its territories and possessions, Canada, and Puerto Rico.

Subparagraph i. in Section **A. Coverage**, Paragraph **2. Property Not Covered** does not apply to this Additional Coverage.

The most we will pay in any one occurrence under this Additional Coverage is the Limit Of Insurance, subject to the Deductible, shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule.

**t. Portable Audio Visual And Communications Equipment**

We will pay for loss or damage to:

- (1) Your audio visual and communications equipment; and
- (2) Similar property of others that is in your care, custody or control,

if caused by a Covered Cause of Loss while such property is located temporarily away from your premises anywhere in the world.

Subparagraph i. in Section **A. Coverage**, Paragraph **2. Property Not Covered** does not apply to this Additional Coverage.

The most we will pay in any one occurrence under this Additional Coverage is the Limit Of Insurance, subject to the Deductible, shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule.

**u. Grounds Maintenance Equipment**

We will pay for loss or damage to:

- (1) Your grounds maintenance equipment; and
- (2) Similar property of others that is in your care, custody or control,

if caused by a Covered Cause of Loss while they are located in the United States of America, its territories and possessions, Canada, and Puerto Rico.

The most we will pay for any one item and in any one occurrence under this Additional Coverage is the Limit Of Insurance, subject to the Deductible, shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule.

**v. Traffic Lights, Traffic Signs, Parking Meters, Fire Hydrants, Guard Rails, Bus Shelters**

We will pay for loss or damage to your traffic lights, traffic signs, parking meters, fire hydrants, guard rails, bus shelters if caused by a Covered Cause of Loss while they are located in the United States of America, its territories and possessions, Canada, and Puerto Rico.

The most we will pay in any one occurrence under this Additional Coverage is the Limit Of Insurance, subject to the Deductible, shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule.

**w. Animals**

We will pay for the loss of animals that are owned by you and used in your law enforcement operations or your "emergency operations", if the animal is killed or its destruction is made necessary due to a Covered Cause of Loss while such animal(s) is(are) located in the United States of America, its territories and possessions, Canada, and Puerto Rico.

Subparagraph **b.** in Section **A. Coverage**, Paragraph **2. Property Not Covered** does not apply to this Additional Coverage

The most we will pay for any one animal and the most we will pay in any policy term under this Additional Coverage is the Limit Of Insurance, subject to the Deductible, shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule.

**x. Inventory Costs, Preparation Of Claim**

(1) We will pay the expense you incur in preparing claim data when we require it. This includes the cost of:

- (a) Taking the inventory;
- (b) Making appraisals; and
- (c) Preparing other data to determine the extent of the loss.

(2) This Additional Coverage does not include:

- (a) Public adjuster fees; or
- (b) Expenses as provided in Section **E. Loss Conditions**, Paragraph **2. Appraisal**.

(3) Section **F. Additional Conditions**, Paragraph **1. Coinsurance** does not apply to this Additional Coverage.

(4) The most we will pay for any one occurrence under this Additional Coverage is the Limit Of Insurance shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule.

**y. Damage To Building From Theft - Tenants**

(1) If loss or damage caused by theft or attempted theft occurs to buildings you occupy, but do not own, at a described premises, we will also pay the amount you are legally liable to pay for such loss or damage.

(2) The most we will pay for any one occurrence under this Additional Coverage is the amount shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule.

**z. Theft Of Building Materials And Supplies**

(1) We will pay for loss or damage by theft of building materials and supplies located on or within 1,000 feet of the described premises and which are intended to become a permanent part of the building or structure by means of addition, alteration or repair.

(2) The most we will pay under this Additional Coverage is the Limit Of Insurance shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule.



**(3)** Theft as covered under this endorsement does not include:

- (a)** Dishonest or criminal acts as excluded under the Cause of Loss – Special Form;
- (b)** Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense; or
- (c)** Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

**aa. Business Income And Extra Expense**

**(1) Coverage**

**(a) Business Income**

Business Income means the:

- (i)** Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- (ii)** Continuing normal operating expenses incurred, including payroll.

Coverage is provided for Business Income Including "Rental Value".

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Property Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of such premises.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of a building, your premises means:

- i** The portion of the building which you rent, lease or occupy;
- ii** The area within 1,000 feet of the building or within 1,000 feet of the premises described in the Property Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and
- iii** Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.

**(b) Extra Expense**

- (i)** Extra Expense Coverage is provided at the premises described in the Property Declarations.
- (ii)** Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

- i** Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.
- ii** Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this additional coverage.

**(c) Covered Causes Of Loss, Exclusions And Limitations**

See applicable Causes Of Loss form as shown in the Property Declarations.

**(d) Additional Limitation – Interruption Of Computer Operations**

- (i) Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.
- (ii) Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.
- (iii) 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.
- (iv) This Additional Limitation does not apply when loss or damage to electronic data involves only electronic data which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

**(e) Business Income And Extra Expense Additional Coverages**

**(i) Civil Authority**

In this Additional Coverage, Civil Authority, the described premises are premises as shown in the Property Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- i Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and
- ii The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil Authority Coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

- a) Four consecutive weeks after the date of that action; or
- b) When your Civil Authority Coverage for Business Income ends;

whichever is later.

**(ii) Alterations And New Buildings**

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- i New buildings or structures, whether complete or under construction;
- ii Alterations or additions to existing buildings or structures; and

- iii Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:
  - a) Used in the construction, alterations or additions; or
  - b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

**(iii) Extended Business Income**

**i Business Income Other Than "Rental Value" – Other Than Educational Institutions**

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- a) Begins on the date property (except "finished stock") is actually repaired, rebuilt, or replaced and "operations" are resumed; and
- b) Ends on the earlier of:
  - i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
  - ii) 60 consecutive days after the date determined in i a) above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

**ii Business Income Other Than "Rental Value" - Educational Institutions**

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you sustain during the school term following the date the property is actually repaired, rebuilt or replaced, if that date is 60 days or less before the scheduled opening of the next school term.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

**iii "Rental Value"**

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

- a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and
- b) Ends on the earlier of:
  - i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or
  - ii) 60 consecutive days after the date determined in ii a) above.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

**(iv) Interruption Of Computer Operations**

- i Under this Additional Coverage, electronic data has the meaning described under Additional Limitation – Interruption Of Computer Operations.
- ii Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a Covered Cause of Loss. However, we will not provide coverage under this Additional Coverage when the Additional Limitation – Interruption Of Computer Operations does not apply based on subparagraph **aa.(1)(d)(iv)** therein.
- iii With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:
  - a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
  - b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, includes Collapse as set forth in that form.
  - c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Interruption Of Computer Operations.
  - d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.
- iv The most we will pay under this Additional Coverage, Interruption Of Computer Operations, is \$2,500 for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.
- v This Additional Coverage, Interruption Of Computer Operations, does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in **iv** above has not been exhausted.

**(v) Food Contamination**

- i If the business described in the Declarations is ordered closed by the Board of Health or any other governmental authority as a result of the discovery or suspicion of "food contamination", we will pay:
  - a) Your expense to clean your equipment as required by the Board of Health or any other governmental authority;

- b) Your cost to replace the food which is, or is suspected to be, contaminated;
  - c) Your expense to provide necessary medical tests or vaccinations for your employees (including temporary and leased employees) who are potentially infected by the "food contamination". However, we will not pay for any expense that is otherwise covered under a Workers' Compensation Policy;
  - d) The loss of Business Income you sustain due to the necessary "suspension" of your "operations" as a result of the "food contamination". The coverage for Business Income will begin 24 hours after you receive notice of closing from the Board of Health or any other governmental authority; and
  - e) Additional advertising expenses you incur to restore your reputation.
- ii Subject to subparagraph iii, the most we will pay for the total of all loss and expense under Paragraphs i a) through i e) is the Food Contamination Limit Of Insurance indicated on the Property Enhancement Endorsement for Schools Supplemental Schedule.
  - iii The applicable Limit is an annual aggregate limit and as such is the most we will pay for the total of all covered loss and expense caused by all occurrences in a 12-month period (starting with the beginning of the present annual policy period), regardless of the number of occurrences during that period of time. Thus, if the first occurrence does not exhaust the applicable Limit, then the balance of the Limit is available for a subsequent occurrence. If an occurrence begins during one annual policy period and ends during the following annual policy period, any Limit applicable to the following annual policy period will not apply to that occurrence.
  - iv We will not pay any fines or penalties levied against you by the Board of Health or any other governmental authority as a result of the discovery or suspicion of "food contamination" at the described premises.
  - v With respect to the coverage provided under this Food Contamination Additional Coverage, any exclusion of virus or bacteria in this policy does not apply.

**(f) Business Income And Extra Expense Coverage Extensions**

**(i) Newly Acquired Locations**

- i You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.
- ii The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is the Limit Of Insurance shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule.
- iii Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
  - a) This policy expires;
  - b) 90 days expire after you acquire or begin to construct the property; or
  - c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

**(ii) Utility Services Time Element**

- i You may extend your Business Income and Extra Expense coverage to apply to a "suspension" of "operations" at premises which are described in the Property Declarations caused by an interruption in utility service to that premises. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss (as provided under the applicable Causes of Loss Form indicated in the Property Declarations) to the following utility services:

- a) Water Supply Property meaning the following types of property supplying water to premises which are described in the Property Declarations.
  - i) Pumping stations; and
  - ii) Water mains.
- b) Wastewater Removal Property, meaning a utility system for removing wastewater and sewage from the described premises, other than a system designed for draining storm water. The utility property includes sewer mains, pumping stations and similar equipment for moving effluent to a holding, treatment or disposal facility, and includes such facilities.
 

Coverage under this Coverage Extension does not apply to interruption in service caused by or resulting from a discharge of water or sewage due to heavy rainfall or flooding.
- c) Communication Supply Property, meaning property supplying communication services, including telephone, radio, microwave or television services, to the described premises, such as:
  - i) Communication transmission lines, including optic fiber transmission lines;
  - ii) Coaxial cables; and
  - iii) Microwave radio relays except satellites.

It does not include overhead transmission lines.
- d) Power Supply Property, meaning the following types of property supplying electricity, steam or gas to the described premises:
  - i) Utility generating plants;
  - ii) Switching stations;
  - iii) Substations;
  - iv) Transformers; and
  - v) Transmission lines.

It does not include overhead transmission lines.

- ii As used in this Coverage Extension, the term transmission lines includes all lines which serve to transmit communication service or power, including lines which may be identified as distribution lines.
- iii The **Coinsurance** Additional Condition does not apply to this Coverage Extension.
- iv The most we will pay under this Extension, for the sum of Business Income loss sustained and Extra Expense incurred, is the Limit Of Insurance shown on the Property Enhancement Endorsement for Public Entities Supplemental Schedule.
- v Coverage under this Coverage Extension does not apply to Business Income loss or Extra Expense related to interruption in utility service which causes loss or damage to electronic data, including destruction or corruption of electronic data.

## (2) Limits Of Insurance

The most we will pay for loss in any one occurrence is the applicable Limit Of Insurance shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule.

Payments under the following coverages will not increase the applicable Limit Of Insurance:

- (a) Alterations And New Buildings;
- (b) Civil Authority;
- (c) Extra Expense; or
- (d) Extended Business Income.

The amounts of insurance stated in the Interruption Of Computer Operations Additional Coverage and the Newly Acquired Locations Coverage Extension apply in accordance with the terms of those coverages and are separate from the Limit(s) Of Insurance shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule for any other coverage.

### **(3) Loss Conditions**

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

#### **(a) Appraisal**

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

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

- (i)** Pay its chosen appraiser; and
- (ii)** Bear the other expenses of the appraisal and umpire equally.

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

#### **(b) Duties In The Event Of Loss**

**(i)** You must see that the following are done in the event of loss:

- i** Notify the police if a law may have been broken.
- ii** Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
- iii** As soon as possible, give us a description of how, when and where the direct physical loss or damage occurred.
- iv** Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit Of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- v** 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.
- vi** 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.
- vii** Cooperate with us in the investigation or settlement of the claim.
- viii** If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

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

**(c) Loss Determination**

- (i) The amount of Business Income loss will be determined based on:
  - i The Net Income of the business before the direct physical loss or damage occurred;
  - ii The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
  - iii The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
  - iv Other relevant sources of information, including:
    - a) Your financial records and accounting procedures;
    - b) Bills, invoices and other vouchers; and
    - c) Deeds, liens or contracts.
- (ii) The amount of Extra Expense will be determined based on:
  - i All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
    - a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
    - b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
  - ii Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

**(iii) Resumption Of Operations**

We will reduce the amount of your:

- i Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
  - ii Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.
- (iv) If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

**(d) Loss Payment**

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:

- (i) We have reached agreement with you on the amount of loss; or
- (ii) An appraisal award has been made.

**(4) Definitions**

- (a) "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income in the Declarations.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.



- (b)** "Food Contamination" means an outbreak of food poisoning or food-related illness of one or more persons arising out of:
- (i)** Tainted food you distributed or purchased;
  - (ii)** Food which has been improperly processed, stored, handled or prepared in the course of your business operations; or
  - (iii)** Food which has been contaminated by virus or bacteria transmitted through one or more of your employees, including your temporary or leased employees.

**(c)** "Operations" means:

- (i)** Your business activities occurring at the described premises; and
- (ii)** The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

**(d)** "Period of restoration" non-educational institution means the period of time that:

- (i)** Begins:
  - i** 72 hours after the time of direct physical loss or damage for Business Income Coverage; or
  - ii** Immediately after the time of direct physical loss or damage for Extra Expense Coverage; caused by or resulting from any Covered Cause of Loss at the described premises; and
- (ii)** Ends on the earlier of:
  - i** The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
  - ii** The date when business is resumed at a new permanent location.

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

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

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

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

**(e)** "Period of restoration" educational institution means the period of time that:

- (i)** Begins:
  - i** 72 hours after the time of direct physical loss or damage for Business Income Coverage; or
  - ii** Immediately after the time of direct physical loss or damage for Extra Expense Coverage; caused by or resulting from any Covered Cause of Loss at the described premises; and
- (ii)** Ends on the earlier of:
  - i** The day before the opening of the next school term following the date when, with reasonable speed and similar quality, the property at the described premises should be repaired, rebuilt or replaced; or
  - ii** The date when the school term is resumed at a new permanent location.

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

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

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

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

- (f) "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.
- (g) "Rental Value" means Business Income that consists of:
  - (i) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and
  - (ii) Continuing normal operating expenses incurred in connection with that premises, including:
    - i Payroll; and
    - ii The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.
- (h) "Suspension" means:
  - (i) The slowdown or cessation of your business activities; or
  - (ii) That a part or all of the described premises is rendered untenable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

## 10. Newly Acquired Or Constructed Property

The **Newly Acquired Or Constructed Property** Coverage Extension is replaced by the following:

### a. Newly Acquired Or Constructed Property

#### (1) Buildings

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

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

The most we will pay for loss or damage under this Extension is the Limit Of Insurance shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule at each building.

#### (2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:
  - (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;

- (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations.

The most we will pay for loss or damage under this Extension is the Limit Of Insurance shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule at each building.

(b) This Extension does not apply to:

- (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
- (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

### (3) Period Of Coverage

With respect to insurance provided under this Coverage Extension for Newly Acquired Or Constructed Property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 90 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

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

## 11. Personal Effects And Property Of Others

The last Paragraph of the **Personal Effects And Property Of Others** Coverage Extension is replaced by the following:

The most we will pay for loss or damage under this Extension is the Limit Of Insurance shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule at each described premises. Our payment for loss of or damage to personal property of others (including property of others held by you on consignment) will only be for the account of the owner of the property.

## 12. Valuable Papers And Records (Other Than Electronic Data)

a. Paragraph (4) of the **Valuable Papers And Records (Other Than Electronic Data)** Coverage Extension is replaced by the following:

- (4) Under this Extension, the most we will pay to replace or restore the lost information is the Limit Of Insurance, subject to the Deductible, shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule at each described premises. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit Of Insurance on Your Business Personal Property and therefore coverage of such costs is not additional insurance.

b. The following is added to the **Valuable Papers And Records (Other Than Electronic Data)** Coverage Extension with respects to libraries:

### Exclusions For Libraries

- 1. We will not pay for loss or damage caused by or resulting from:
  - a. Failure of any borrower or renter to return the Covered Property to you;
  - b. Vandalism or mutilation by anyone using the Covered Property within your premises; or
  - c. Unexplained disappearance.
- 2. We will not pay for loss or damage that depends on an audit of records or an inventory computation to prove its factual existence.

But this does not prohibit the use of these procedures to support the determination of loss or damage that we would otherwise pay.

### 13. Property Off-Premises Including Transit

The **Property Off-Premises** Coverage Extension is replaced by the following:

#### d. Property Off-Premises Including Transit

(1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:

- (a) Temporarily at a location you do not own, lease or operate;
- (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
- (c) At any fair, trade show or exhibition.

This Extension applies only if loss or damage is caused by a Covered Cause of Loss.

(2) You may extend the insurance provided by this Coverage Form to apply to your personal property in transit more than 1,000 feet from the described premises. Property must be in or on a motor vehicle while between points in the coverage territory. Loss or damage must be caused by or result from one of the following causes of loss:

- (a) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
- (b) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. Collision does not mean the vehicle's contact with the roadbed.
- (c) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible signs of forced entry.

(3) You may extend the insurance provided by this Coverage Form to apply to your outdoor signs (other than traffic signs) more than 1,000 feet from the described premises. This Coverage Extension applies only if loss or damage is caused by a Covered Cause of Loss.

(4) The most we will pay for loss or damage under this Extension in any one occurrence is the Limit Of Insurance shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule.

### 14. Outdoor Property

The **Outdoor Property** Coverage Extension is replaced by the following:

#### e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor property consisting of and limited to:

- (1) Outdoor fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, lighting, lighting standards, flagpoles;
- (2) Playground equipment, benches, bleachers, water fountains or coolers, picnic tables, athletic fields with natural turf and athletic field structures, picnic pavilions, refreshment stands;
- (3) Bulkheads, pilings, piers, wharves, docks, retaining walls not part of a building;
- (4) Golf fairways, greens, teeing grounds, sand traps, practice putting greens, directional signs, flags (including flags sticks), in-ground sprinkler systems and equipment, golf ball washers, golf hole markers and cups, nets, driving ranges; or
- (5) Trees, shrubs and plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof),

including debris removal expense, caused by or resulting from any of the Covered Causes of Loss.

Paragraphs **h.**, **j.**, **i.** and **q.(2)** in Section **A. Coverage**, Paragraph **2. Property Not Covered** do not apply to this Coverage Extension.

Regardless of the types or number of items lost or damaged, the most we will pay for loss or damage under this Extension is the Outdoor Property Limit Of Insurance shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule per location, per occurrence. The most we will pay for loss or damage to covered trees, shrubs and plants, including debris removal expense, in any one occurrence, is the Trees, Shrubs and Plants sublimit shown in the Property Enhancement Endorsement for Schools Supplemental Schedule, but no more than the amount shown in the Supplemental Schedule for any one tree, shrub or plant.

Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others, except in the situation in which you are a tenant and such property is owned by the landlord of the described premises.

#### **15. Non-Owned Detached Trailers**

Paragraph **(3)** of the **Non-owned Detached Trailers** Coverage Extension is replaced by the following:

**(3)** The most we will pay for loss or damage under this Extension is the Limit Of Insurance shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule.

#### **16. Business Personal Property Temporarily In Portable Storage Units**

Paragraph **(4)** of the **Business Personal Property Temporarily In Portable Storage Units** Coverage Extension is replaced with the following:

**(4)** Under this Extension, the most we will pay for the total of all loss or damage to business personal property is the Limit Of Insurance shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule regardless of the number of storage units. Such limit is part of, not in addition to, the applicable Limit Of Insurance on Your Business Personal Property. Therefore, payment under this Extension will not increase the applicable Limit Of Insurance on Your Business Personal Property.

#### **17. Signs**

The second Paragraph of Section **C. Limits Of Insurance** is replaced by the following:

The most we will pay in any one occurrence for loss or damage to outdoor signs, whether or not the sign is attached to a building, is the Limit Of Insurance applicable to **Building** or **Your Business Personal Property** at the premises described in the Declarations.

#### **18. Single Deductible**

The second Paragraph of Section **D. Deductible** is replaced by the following:

When the occurrence involves loss to more than one item of Covered Property and separate Limits Of Insurance apply, the losses will not be combined in determining application of the Deductible. In such case the largest applicable Deductible will be applied but only once per occurrence. Except when separate deductibles are applicable for earthquake, windstorm or flood, the total deductible applied to a single event will not exceed the Maximum Deductible shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule.

#### **19. Coinsurance**

The following is added to the **Coinsurance** Additional Condition:

This condition applies only when the total loss or damage to all Covered Property in any one occurrence is greater than \$25,000.

#### **20. Inflation Guard**

Paragraph **b.(2)** of the Optional Coverage Inflation Guard is replaced by the following:

**(2)** The percentage of annual increase shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule, expressed as a decimal (example: 8% is .08), times

## 21. Emergency Operation

The following is added to Section **H. Definitions**:

"Emergency operation" means any action:

- a. Which is an urgent response for the protection of property, human life, health or safety; and
- b. Which results from or arises out of the performance or the attempt to perform firefighting, rescue, emergency hazardous materials response or emergency medical services, including the stabilizing or securing of an emergency scene; and
- c. Which is sanctioned by the fire department, first aid or rescue squad insured under this policy.

**B. The Causes Of Loss – Special Form** is amended as follows:

1. Changes to Section **F. Additional Coverage Extensions**:

- a. The **Property In Transit Additional Coverage Extension** is deleted in its entirety.
- b. The following is added to Section **F. Additional Coverage Extensions**:

### **Sewer Backup**

- a. You may extend coverage to apply to your Covered Property for direct physical loss or damage caused by or resulting from discharge of water or waterborne material from a sewer, drain or sump located on the described premises, provided such discharge is not induced by flood or flood-related conditions.

The aforementioned references to flood include surface water, waves (including tidal wave and tsunami), tides, tidal water, and overflow of any body of water, including storm surge.

For the purpose of this Additional Coverage Extension, the term drain includes a roof drain and related fixtures.

- b. There is no coverage under this provision if the discharge results from an insured's failure to perform routine maintenance or repairs necessary to keep a sewer or drain or a sump, sump pump or related equipment free from obstruction and in proper working condition. This limitation does not apply to sudden mechanical breakdown of a sump pump or its related equipment, provided the breakdown is not the result of an insured's negligence.
- c. To the extent that the Water Exclusion might conflict with the coverage provided under this Coverage Extension, the Water Exclusion does not apply to such coverage.
- d. This Coverage Extension does not apply to the cost of repairing or replacing a sewer, drain, sump, sump pump or any related parts or equipment.

The most we will pay under this Coverage Extension is the Limit Of Insurance shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule.

2. Paragraph **1.d.** of Section **C. Limitations** does not apply to the Theft of Building Materials and Supplies Additional Coverage.

All other terms, conditions, provisions and exclusions of this policy remain the same.



# Sales Tax Revenue Loss

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

Policy No. CPO-0632579-02

Effective Date: 7/1/2021

This endorsement modifies insurance provided under the:

## **Building And Personal Property Coverage Form**

The following is added to Paragraph 4. **Additional Coverages:**

### **A. Sales Tax Revenue Loss**

We will pay for the actual loss of "sales tax revenue" you sustain during the "period of restoration" due to direct physical loss of or damage to "sales tax revenue property". The loss or damage must be caused by or result from a Covered Cause of Loss.

However, coverage under this additional coverage does not apply when the only loss or damage to "sales tax revenue property" is loss or damage to electronic data, including destruction or corruption of electronic data. If the "sales tax revenue property" sustains loss or damage to electronic data and other property, coverage under this endorsement will not continue once the other property is repaired, rebuilt or replaced. The term electronic data has the meaning described under Property Not Covered, Electronic Data as set forth in the Coverage Form to which this endorsement applies.

### **B. Loss Determination**

In determining the actual loss of "sales tax revenue" we will evaluate your "sales tax revenue" experience before and after the loss or damage and the probable experience had no direct physical loss or damage occurred at the "sales tax revenue property".

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

The most we will pay for loss in any one occurrence regardless of the number of "sales tax revenue properties" involved is the Limit Of Insurance for Sales Tax Revenue Loss shown on the Property Enhancement Endorsement For Public Entities Supplemental Schedule. Payment under this additional coverage is included within and will not increase the Limit Of Insurance for Business Income And Extra Expense.

### **D. Definitions**

As used in this endorsement:

1. "Period of restoration" means the period of time that:
  - a. Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the "sales tax revenue property"; and
  - b. Ends on the earlier of:
    - (1) The date when the property at the "sales tax revenue property" should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
    - (2) 12 consecutive months after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the "sales tax revenue property".

If "sales tax revenue property" is new construction and direct physical loss or damage delays the start of operations the "period of restoration" will begin on the date that is 72 hours after the operations of the "sales tax revenue property" would have begun if the direct physical loss or damage had not occurred.

The "period of restoration" does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:

- a. Regulates the construction, use or repair, or requires the tearing down, of any property; or
- b. Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants".

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

2. "Sales tax revenue property(ies)" means the premises of a person or organization, located within your jurisdictional boundaries that pays, remits or collects sales taxes to you or for your benefit.
3. "Sales tax revenue" means your revenue from taxes based on the sale or lease of goods or services by a "sales tax revenue property".

All other terms, conditions, provisions and exclusions of this policy remain the same.



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

## **KENTUCKY CHANGES - MINE SUBSIDENCE**

This endorsement modifies insurance provided under the following:

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

The Coverage Form to which this endorsement applies is extended to insure against direct loss by Mine Subsidence.

### **A. Coverage**

The **Coverage** Section is replaced by the following:

#### **A. Mine Subsidence Coverage**

We will pay for direct physical loss of or damage to structures at the premises described in the Mine Subsidence Schedule or in the Declarations caused by or resulting from Mine Subsidence.

##### **1. Covered Property**

Covered Property, as used in this endorsement, means the following type of property for which a Limit Of Insurance is shown in the Mine Subsidence Schedule or Declarations:

Structures, meaning buildings or fixtures permanently attached to real estate, including:

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

##### **2. Property Not Covered**

Covered Property does not include:

- a. Land; or
- b. Personal Property.

### **3. Covered Cause Of Loss**

Mine Subsidence means the collapse of underground coal mines resulting in direct damage to a Structure. It does not include loss caused by:

- a. Earthquake or earth movement, landslide, water seepage or volcanic eruption; or
- b. Collapse of storm or sewer drains.

### **4. Additional Living Expense, Farm Property - Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form**

If this policy includes the Farm Property - Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form, then the following applies in the event of loss or damage caused by or resulting from Mine Subsidence to a Structure that is a residence you own and that is insured against Mine Subsidence under that coverage form:

We will pay up to \$25,000 for the additional living expenses reasonably and necessarily incurred by you, when you have been temporarily displaced as the direct result of loss of or damage to a residence you own caused by or resulting from Mine Subsidence.

### **5. Additional Coverage Debris Removal**

We will pay your expense to remove debris of Covered Property caused by or resulting from Mine Subsidence.

**B. Exclusions**

For the purpose of the coverage provided by this endorsement, the following is added to the **Earth Movement** Exclusion:

This exclusion does not apply to direct loss caused by Mine Subsidence as covered under this Coverage Part.

**C. Limits Of Insurance**

- 1. For the Commercial Property Coverage Part and for the Capital Assets Program (Output Policy) Coverage Part, the **Limits Of Insurance** provision is replaced by the following:

**Limits Of Insurance**

The most we will pay for loss of or damage to any one Structure caused by Mine Subsidence in any one occurrence, including debris removal, is the Limit Of Insurance for Mine Subsidence shown in the Mine Subsidence Schedule or in the Declarations. However, this limit will be reduced by the amount of loss payment which is due from the Mine Subsidence Insurance Fund but which we cannot collect from the Mine Subsidence Insurance Fund.

- 2. For the Farm Coverage Part, the **Limits Of Insurance** provision is replaced by the following:

**Limits Of Insurance**

- a. If this policy does not include the Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form, the most we will pay for loss of or damage to any one structure caused by mine subsidence in any one occurrence, including debris removal, is the Limit Of Insurance for Mine Subsidence shown in the Mine Subsidence Schedule or in the Declarations.

- b. If this policy includes the Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form, the most we will pay for loss of or damage caused by mine subsidence is the sum of:

- (1) The Limit Of Insurance for loss of or damage to any one structure caused by mine subsidence in any one occurrence, including debris removal; plus
- (2) \$25,000 for additional living expenses in accordance with Paragraph A.4.;

as shown in the Mine Subsidence Schedule or in the Declarations.

However, the sum of **b.(1)** and **b.(2)** will be reduced by the amount of loss payment which is due from the Mine Subsidence Insurance Fund but which we cannot collect from the Mine Subsidence Insurance Fund. If both **b.(1)** and **b.(2)** apply to such a loss, the reduction in the amount of loss payment will be made to **b.(1)** and **b.(2)** in proportion to the respective amounts of the Limit Of Insurance and the \$25,000 limit for additional living expenses.

**D. Deductible**

The **Deductible** provision is replaced by the following:

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

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

- 2. This section applies separately to each Structure to which this endorsement applies.

**E. Additional Conditions**

The **Coinsurance** Additional Condition does not apply to this endorsement.

Insurance is provided by:  
American Zurich Insurance Company  
1299 Zurich Way  
Schaumburg, IL 60196-1056

AAIS  
IM 7900 04 04

A Stock Insurer

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## INLAND MARINE -- DECLARATIONS

POLICY NUMBER CPO-0632579-02

COMPANY NAME American Zurich Insurance Company

PRODUCER NAME Allied Public Risk, LLC  
4507 North Front St, 200  
Harrisburg, PA 17110

AND NUMBER 56139000

NAME OF INSURED Big Sandy Water District

MAILING ADDRESS 18200 State Rte. 3  
Catlettsburg, KY 41129

POLICY PERIOD: From 7/1/2021 To: 7/1/2022 at  
12:01 a.m. Standard Time at your mailing address shown above.

IN RETURN FOR YOUR PAYMENT OF THE PREMIUM, WE PROVIDE THE INSURANCE AS DESCRIBED IN THIS POLICY.

BUSINESS DESCRIPTION Special District

LOSS PAYABLE NAME AND MAILING ADDRESS  
\_\_\_\_\_

LOCATION ADDRESS \_\_\_\_\_

FORMS APPLICABLE TO ALL COVERAGES

See Schedule of Forms

PREMIUM \$ 498 PAYABLE: As Billed

COUNTERSIGNATURE \_\_\_\_\_ DATE 8/3/2021  
(Authorized Representative)

Company Officer's Signature

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IM 7900 04 04

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**ALLIED PUBLIC RISK –INLAND MARINE SCHEDULED ITEMS**  
 American Zurich Insurance Company  
**INSURED: Big Sandy Water District Catlettsburg KY 41129**  
**POLICY YEAR EFFECTIVE: 7/1/2021 - 7/1/2022**

ITEM #	INLAND MARINE TYPE	DESCRIPTION	SERIAL #	VALUE	VALUATION
1	Contractors Equipment	Flatbed Trailer		\$1,200	Actual Cash Value
2	Contractors Equipment	2001 Elite Lowboy Trailer	1E9CL16211S240445	\$1,500	Actual Cash Value
3	Contractors Equipment	Hawke Dump Trailer	4BAT510163M020612	\$4,000	Actual Cash Value
4	Contractors Equipment	2008 Kubota Tractor/ backhoe	52092	\$25,000	Actual Cash Value
5	Contractors Equipment	2016 Kraffsman Trailer	5E7NP2827GR003050	\$16,568	Actual Cash Value
6	Contractors Equipment	2011 Caterpillar Wader Backhoe 420E	C4E15744	\$77,786	Actual Cash Value
7	Contractors Equipment	2016 Utility Vehicle Kubota RTV-X900	28883	\$12,450	Actual Cash Value
8	Contractors Equipment	2017 Excavator Kubota KX040-4R3T	26693	\$56,520	Actual Cash Value

## SCHEDULE OF COVERAGES CONTRACTORS' EQUIPMENT

(The entries required to complete this schedule will be shown below or on the "schedule of coverages".)

### PROPERTY COVERED

(check one)

Scheduled Equipment (Refer to Equipment Schedule)

Schedule On File

### "Limit"

**Catastrophe Limit** -- The most "we" pay for loss in any one occurrence is: \$ 195,024

### COVERAGE EXTENSIONS

Additional Debris Removal Expenses \$ N/A

### SUPPLEMENTAL COVERAGES

Employee Tools \$ N/A

Equipment Leased or Rented From Others \$ N/A

Newly Purchased Equipment (check one)

Percentage of Catastrophe Limit N/A %

Dollar Limit \$ N/A

Pollutant Cleanup and Removal \$ N/A

Rental Reimbursement

-- Reimbursement Limit \$ N/A

-- Waiting Period N/A

Spare Parts and Fuel \$ N/A



## CONTRACTORS' EQUIPMENT COVERAGE

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### AGREEMENT

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In return for "your" payment of the required premium, "we" provide the coverage described herein subject to all the "terms" of the Contractors' Equipment Coverage. This coverage is also subject to the "schedule of coverages" and additional policy conditions relating to assignment or transfer of rights or duties, cancellation, changes or modifications, inspections, and examination of books and records.

Endorsements and schedules may also apply. They are identified on the "schedule of coverages".

Refer to Definitions for words and phrases that have special meaning. These words and phrases are shown in quotation marks or bold type.

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### DEFINITIONS

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1. The words "you" and "your" mean the persons or organizations named as the insured on the declarations.
2. The words "we", "us", and "our" mean the company providing this coverage.
3. "Contractors' equipment" means machinery, equipment, and tools of a mobile nature that "you" use in "your" contracting, installation, erection, repair, or moving operations or projects.

"Contractors' equipment" also means:

- a. self-propelled vehicles designed and used primarily to carry mounted equipment; or

- b. vehicles designed for highway use that are unlicensed and not operated on public roads.
4. "Equipment schedule" means a schedule of "contractors' equipment" that is attached to this policy and that describes each piece of covered equipment.
  5. "Jobsite" means any location, project, or work site where "you" are in the process of construction, installation, erection, repair, or moving.
  6. "Limit" means the amount of coverage that applies.
  7. "Pollutant" means:
    - a. any solid, liquid, gaseous, thermal, or radioactive irritant or contaminant, including acids, alkalis, chemicals, fumes, smoke, soot, vapor, and waste. Waste includes materials to be recycled, reclaimed, or reconditioned, as well as disposed of; and
    - b. electrical or magnetic emissions, whether visible or invisible, and sound emissions.
  8. "Schedule of coverages" means:
    - a. all pages labeled schedule of coverages or schedules which pertain to this coverage; and
    - b. declarations or supplemental declarations which pertain to this coverage.
  9. "Sinkhole collapse" means the sudden settlement or collapse of earth supporting the covered property into subterranean voids created by the action of water on a limestone or similar rock formation. It does not include the value of the land or the cost of filling sinkholes.

10. "Specified perils" means aircraft; civil commotion; explosion; falling objects; fire; hail; leakage from fire extinguishing equipment; lightning; riot; "sinkhole collapse"; smoke; sonic boom; vandalism; vehicles; "volcanic action"; water damage; weight of ice, snow, or sleet; and windstorm.

Falling objects does not include loss to:

- a. personal property in the open; or
- b. the interior of buildings or structures or to personal property inside buildings or structures unless the exterior of the roofs or walls are first damaged by a falling object.

Water damage means the sudden or accidental discharge or leakage of water or steam as a direct result of breaking or cracking of a part of the system or appliance containing the water or steam.

11. "Terms" means all provisions, limitations, exclusions, conditions, and definitions that apply.

12. "Volcanic action" means airborne volcanic blast or airborne shock waves; ash, dust, or particulate matter; or lava flow.

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

2) "contractors' equipment" of others in "your" care, custody, or control.

b. **Coverage Limitation** -- "We" only cover "your" "contractors' equipment" and "contractors' equipment" of others:

- 1) that are described on the "equipment schedule"; and
- 2) when Scheduled Equipment is indicated on the "schedule of coverages".

## 2. **Schedule On File** --

a. **Coverage** -- "We" cover direct physical loss caused by a covered peril to:

- 1) "your" "contractors' equipment"; and
- 2) "contractors' equipment" of others in "your" care, custody, or control.

b. **Coverage Limitation** -- "We" only cover "your" "contractors' equipment" and "contractors' equipment" of others:

- 1) that are listed in a schedule which "you" must submit to "us" and "we" keep on file, the schedule must contain a description of each item to be covered and a "limit" for each item; and
- 2) when Schedule on File is indicated on the "schedule of coverages".

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## PROPERTY COVERED

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"We" cover the following property unless the property is excluded or subject to limitations.

### 1. **Scheduled Equipment** --

a. **Coverage** -- "We" cover direct physical loss caused by a covered peril to:

- 1) "your" "contractors' equipment"; and

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## PROPERTY NOT COVERED

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1. **Aircraft Or Watercraft** -- "We" do not cover aircraft or watercraft.

2. **Contraband** -- "We" do not cover contraband or property in the course of illegal transportation or trade.

3. **Leased Or Rented Property** -- "We" do not cover property that "you" lease or rent to others.



4. **Loaned Property** -- "We" do not cover property that "you" loan to others.
5. **Underground Mining Operations** -- "We" do not cover property while stored or operated underground in connection with any mining operations.
6. **Vehicles** -- "We" do not cover automobiles, motor trucks, tractors, trailers, and similar conveyances designed for highway use and used for over the road transportation of people or cargo. However, this does not include:
  - a. self-propelled vehicles designed and used primarily to carry mounted equipment; or
  - b. vehicles designed for highway use that are unlicensed and not operated on public roads.
7. **Waterborne Property** -- "We" do not cover property while waterborne except while in transit in the custody of a carrier for hire.

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## COVERAGE EXTENSIONS

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### Provisions That Apply To Coverage

**Extensions** -- The following Coverage Extensions indicate an applicable "limit". This "limit" may also be shown on the "schedule of coverages".

If a different "limit" is indicated on the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

However, if no "limit" is indicated for a Coverage Extension, coverage is provided up to the full "limit" for the applicable covered property unless a different "limit" is indicated on the "schedule of coverages".

Unless otherwise indicated, the coverages provided below are part of and not in addition to the applicable "limit" for coverage described under Property Covered.

The "limit" provided under a Coverage Extension cannot be combined or added to the "limit" for any other Coverage Extension or Supplemental Coverage including a Coverage Extension or Supplemental Coverage that is added to this policy by endorsement.

If coinsurance provisions are part of this policy, the following coverage extensions are not subject to and not considered in applying coinsurance conditions.

### Debris Removal --

1. **Coverage** -- "We" pay the cost to remove the debris of covered property that is caused by a covered peril.
2. **We Do Not Cover** -- This coverage does not include costs to:
  - a. extract "pollutants" from land or water; or
  - b. remove, restore, or replace polluted land or water.
3. **Limit** -- "We" do not pay any more under this coverage than 25% of the amount "we" pay for the direct physical loss. "We" will not pay more for loss to property and debris removal combined than the "limit" for the damaged property.
4. **Additional Limit** -- "We" pay up to an additional \$5,000 for debris removal expense when the debris removal expense exceeds 25% of the amount "we" pay for direct physical loss or when the loss to property and debris removal combined exceeds the "limit" for the damaged property.
5. **You Must Report Your Expenses** -- "We" do not pay any expenses unless they are reported to "us" in writing within 180 days from the date of direct physical loss to covered property.

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## SUPPLEMENTAL COVERAGES

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### Provisions That Apply To Supplemental

**Coverages** -- The following Supplemental Coverages indicate an applicable "limit". This "limit" may also be shown on the "schedule of coverages".

If a different "limit" is indicated on the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

However, if no "limit" is indicated for a Supplemental Coverage, coverage is provided up to the full "limit" for the applicable covered property unless a different "limit" is indicated on the "schedule of coverages".

Unless otherwise indicated, a "limit" for a Supplemental Coverage provided below is separate from, and not part of, the applicable "limit" for coverage described under Property Covered.

The "limit" available for coverage described under a Supplemental Coverage:

- a. is the only "limit" available for the described coverage; and
- b. is not the sum of the "limit" indicated for a Supplemental Coverage and the "limit" for coverage described under Property Covered.

The "limit" provided under a Supplemental Coverage cannot be combined or added to the "limit" for any other Supplemental Coverage or Coverage Extension including a Supplemental Coverage or Coverage Extension that is added to this policy by endorsement.

If coinsurance provisions are part of this policy, the following supplemental coverages are not subject to and not considered in applying coinsurance conditions.

### 1. Employee Tools --

- a. **Coverage** -- "We" cover direct physical loss caused by a covered peril to tools owned by "your" employees.
- b. **Coverage Limitation** -- "We" only cover tools owned by "your" employees while at a:
  - 1) premises that "you" own or operate;  
or
  - 2) "jobsite".
- c. **Limit** -- The most "we" pay in any one occurrence for loss to employee tools is \$5,000.

### 2. Equipment Leased Or Rented From Others --

- a. **Coverage** -- "We" cover direct physical loss caused by a covered peril to "contractors' equipment" that "you" have leased or rented from others.
- b. **Limit** -- The most "we" pay in any one occurrence for equipment leased or rented from others is \$25,000.

### 3. Newly Purchased Property --

- a. **Coverage** -- "We" cover direct physical loss caused by a covered peril to additional "contractors' equipment" that "you" purchase during the policy period.
- b. **Limit** -- The most that "we" pay for any loss under this supplemental coverage is the least of the:
  - 1) actual cash value of the covered property; or
  - 2) "limit" for newly purchased property indicated on the "schedule of coverages". If no "limit" is indicated, then 30% of the Catastrophe Limit indicated on the "schedule of coverages" applies to this coverage.

- c. **Time Limitation** -- "We" extend coverage to the additional "contractors' equipment" that "you" purchase for up to 60 days.

This supplemental coverage will end when any of the following first occur:

- 1) this policy expires;
- 2) 60 days after "you" obtain the additional "contractors' equipment"; or
- 3) "you" report the additional "contractors' equipment" to "us".

- d. **Additional Premium** -- "You" must pay any additional premium due from the date "you" purchase the additional "contractors' equipment".

4. **Pollutant Cleanup And Removal** --

- a. **Coverage** -- "We" pay "your" expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release, or escape of the "pollutants" is caused by a covered peril that occurs during the policy period.
- b. **Time Limitation** -- The expenses to extract "pollutants" are paid only if they are reported to "us" in writing within 180 days from the date the covered peril occurs.
- c. **We Do Not Cover** -- "We" do not pay the cost of testing, evaluating, observing, or recording the existence, level, or effects of "pollutants".

However, "we" pay the cost of testing which is necessary for the extraction of "pollutants" from land or water.

- d. **Limit** -- The most "we" pay for each location is \$25,000 for the sum of all such expenses arising out of a covered peril occurring during each separate 12-month period of this policy.

5. **Rental Reimbursement** --

- a. **Coverage** -- In the event of a direct physical loss by a covered peril to "your" "contractors' equipment", "we" reimburse "you" for "your" expense to rent similar equipment while "your" equipment is inoperable.

The deductible amount indicated on the "schedule of coverages" does not apply to a loss covered under this supplemental coverage.

- b. **Waiting Period** -- "We" will not reimburse "you" for the rental of equipment until after the first 72-hours (unless otherwise indicated on the "schedule of coverages") following the direct physical loss to "your" "contractors' equipment" caused by a covered peril.

- c. **Incurred Rental Expenses** -- After the waiting period has passed, "we" will only reimburse "you" for the rental expenses that "you" actually incur.

- d. **Coverage After Expiration Date** -- "We" will continue to reimburse "you" for the rental of equipment after the expiration date of this coverage, provided the loss occurred before the expiration date.

- e. **Coverage Limitations** -- "We" will not reimburse "you":

- 1) if "you" can continue or resume "your" operations with similar equipment that is available to "you" at no additional expense to "you"; or
- 2) for the rental expense of any equipment unless "you" make every reasonable effort to repair, replace, or rebuild the inoperable equipment after the loss by a covered peril occurs.

- f. **Limit** -- The most "we" reimburse "you" in any one occurrence for rental expenses is \$5,000.

6. **Spare Parts And Fuel --**

- a. **Coverage** -- "We" cover direct physical loss caused by a covered peril to:
- 1) spare parts and accessories for "contractors' equipment"; and
  - 2) fluids for vehicles and "contractors' equipment"; fluids include gasoline, oil, and hydraulic fluid.
- b. **Limit** -- The most "we" pay in any one occurrence for loss to spare parts and accessories is \$5,000.

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**PERILS COVERED**

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"We" cover risks of direct physical loss unless the loss is limited or caused by a peril that is excluded.

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**PERILS EXCLUDED**

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1. "We" do not pay for loss or damage caused directly or indirectly by one or more of the following excluded causes or events. Such loss or damage is excluded regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded causes or events.
  - a. **Civil Authority** -- "We" do not pay for loss caused by order of any civil authority, including seizure, confiscation, destruction, or quarantine of property.  
  
"We" do cover loss resulting from acts of destruction by the civil authority to prevent the spread of fire, unless the fire is caused by a peril excluded under this coverage.

- b. **Nuclear Hazard** -- "We" do not pay for loss caused by or resulting from a nuclear reaction, nuclear radiation, or radioactive contamination (whether controlled or uncontrolled; whether caused by natural, accidental, or artificial means). Loss caused by nuclear hazard is not considered loss caused by fire, explosion, or smoke. Direct loss by fire resulting from the nuclear hazard is covered.
- c. **War And Military Action** -- "We" do not pay for loss caused by:
  - 1) war, including undeclared war or civil war; or
  - 2) a warlike action by a military force, including action taken to prevent or defend against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or
  - 3) insurrection, rebellion, revolution, or unlawful seizure of power including action taken by governmental authority to prevent or defend against any of these.

With regard to any action that comes within the "terms" of this exclusion and involves nuclear reaction, nuclear radiation, or radioactive contamination, this War and Military Action Exclusion will apply in place of the Nuclear Hazard Exclusion.

2. "We" do not pay for loss or damage that is caused by or results from one or more of the following:
  - a. **Contamination or Deterioration** -- "We" do not pay for loss caused by contamination or deterioration including corrosion, decay, fungus, mildew, mold, rot, rust, or any quality, fault, or weakness in the covered property that causes it to damage or destroy itself.  
  
But if contamination or deterioration results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

- b. **Criminal, Fraudulent, Dishonest Or Illegal Acts** -- "We" do not pay for loss caused by or resulting from criminal, fraudulent, dishonest, or illegal acts committed alone or in collusion with another by:
- 1) "you";
  - 2) others who have an interest in the property;
  - 3) others to whom "you" entrust the property;
  - 4) "your" partners, officers, directors, trustees, joint venturers, or "your" members or managers if "you" are a limited liability company; or
  - 5) the employees or agents of 1), 2), 3), or 4) above, whether or not they are at work.

This exclusion does not apply to acts of destruction by "your" employees, but "we" do not pay for theft by employees.

This exclusion does not apply to covered property in the custody of a carrier for hire.

- c. **Loss Of Use** -- "We" do not pay for loss caused by or resulting from loss of use, delay, or loss of market.
- d. **Mechanical Breakdown** -- "We" do not pay for loss caused by any mechanical, structural, or electrical breakdown or malfunction including a breakdown or malfunction resulting from a structural, mechanical, or reconditioning process.

But if a mechanical, structural, or electrical breakdown or malfunction results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

- e. **Missing Property** -- "We" do not pay for missing property where the only proof of loss is unexplained or mysterious disappearance of covered property, or shortage of property discovered on taking inventory, or any other instance where there is no physical evidence to show what happened to the covered property.

This exclusion does not apply to covered property in the custody of a carrier for hire.

- f. **Pollutants** -- "We" do not pay for loss caused by or resulting from release, discharge, seepage, migration, dispersal, or escape of "pollutants":

- 1) unless the release, discharge, seepage, migration, dispersal, or escape is caused by a "specified peril"; or
- 2) except as specifically provided under the Supplemental Coverages - Pollutant Cleanup and Removal.

"We" do cover any resulting loss caused by a "specified peril".

- g. **Temperature/Humidity** -- "We" do not pay for loss caused by dryness, dampness, humidity, or changes in or extremes of temperature.

But if dryness, dampness, humidity, or changes in or extremes of temperature results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

- h. **Voluntary Parting** -- "We" do not pay for loss caused by or resulting from voluntary parting with title to or possession of any property because of any fraudulent scheme, trick, or false pretense.

- i. **Wear And Tear** -- "We" do not pay for loss caused by wear and tear, marring, or scratching.

But if wear and tear, marring, or scratching results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

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## WHAT MUST BE DONE IN CASE OF LOSS

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1. **Notice** -- In case of a loss, "you" must:

- a. give "us" or "our" agent prompt notice including a description of the property involved ("we" may request written notice); and
- b. give notice to the police when the act that causes the loss is a crime.

2. **You Must Protect Property** -- "You" must take all reasonable steps to protect covered property at and after an insured loss to avoid further loss.

- a. **Payment of Reasonable Costs** -- "We" do pay the reasonable costs incurred by "you" for necessary repairs or emergency measures performed solely to protect covered property from further damage by a peril insured against if a peril insured against has already caused a loss to covered property. "You" must keep an accurate record of such costs. "Our" payment of reasonable costs does not increase the "limit".
- b. **We Do Not Pay** -- "We" do not pay for such repairs or emergency measures performed on property which has not been damaged by a peril insured against.

3. **Proof Of Loss** -- "You" must send "us", within 60 days after "our" request, a signed, sworn proof of loss. This must include the following information:

- a. the time, place, and circumstances of the loss;
- b. other policies of insurance that may cover the loss;
- c. "your" interest and the interests of all others in the property involved, including all mortgages and liens;
- d. changes in title of the covered property during the policy period; and
- e. estimates, specifications, inventories, and other reasonable information that "we" may require to settle the loss.

4. **Examination** -- "You" must submit to examination under oath in matters connected with the loss as often as "we" reasonably request and give "us" sworn statements of the answers. If more than one person is examined, "we" have the right to examine and receive statements separately and not in the presence of others.

5. **Records** -- "You" must produce records, including tax returns and bank microfilms of all canceled checks relating to value, loss, and expense and permit copies and extracts to be made of them as often as "we" reasonably request.

6. **Damaged Property** -- "You" must exhibit the damaged and undamaged property as often as "we" reasonably request and allow "us" to inspect or take samples of the property.

7. **Volunteer Payments** -- "You" must not, except at "your" own expense, voluntarily make any payments, assume any obligations, pay or offer any rewards, or incur any other expenses except as respects protecting property from further damage.

8. **Abandonment** -- "You" may not abandon the property to "us" without "our" written consent.

9. **Cooperation** -- "You" must cooperate with "us" in performing all acts required by this policy.

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## VALUATION

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1. **Actual Cash Value** -- The value of covered property will be based on the actual cash value at the time of the loss (with a deduction for depreciation) unless replacement cost is indicated on the "schedule of coverages".
2. **Replacement Cost** -- The value of covered property will be based on the replacement cost without any deduction for depreciation unless Actual Cash Value is indicated on the "schedule of coverages".
  - a. **Replacement Cost Limitation** -- The replacement cost is limited to the cost of repair or replacement with similar materials and used for the same purpose. The payment will not exceed the amount "you" spend to repair or replace the damaged or destroyed property.
  - b. **Replacement Cost Does Not Apply Until Repair Or Replacement** -- Replacement cost valuation does not apply until the damaged or destroyed property is repaired or replaced.
  - c. **Time Limitation** -- "You" may make a claim for actual cash value before repair or replacement takes place, and later for the replacement cost if "you" notify "us" of "your" intent within 180 days after the loss.
3. **Pair Or Set** -- The value of a lost or damaged article which is part of a pair or set is based on a reasonable proportion of the value of the entire pair or set. The loss is not considered a total loss of the pair or set.
4. **Loss To Parts** -- The value of a lost or damaged part of an item that consists of several parts when it is complete is based on the value of only the lost or damaged part or the cost to repair or replace it.

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## HOW MUCH WE PAY

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1. **Insurable Interest** -- "We" do not cover more than "your" insurable interest in any property.
2. **Flat Deductible** -- "We" pay only that part of "your" loss over the deductible amount indicated on the "schedule of coverages" in any one occurrence unless Percentage Deductible is indicated on the "schedule of coverages".
3. **Percentage Deductible** -- When a percentage deductible is indicated on the "schedule of coverages", "we" pay only that part of "your" loss over the deductible amount as determined below.
  - a. **Determining The Deductible Amount** -- The deductible amount is determined by applying the percentage indicated on the "schedule of coverages" to the value of the covered property that is involved in the loss. The value is determined by the provisions described under the Valuation section of this policy.
  - b. **Two Or More Items** -- If a loss involves two or more pieces of equipment, the percentage indicated on the "schedule of coverages" will apply only to the covered property with the highest value.
  - c. **Minimum and Maximum Deductible** -- The percentage deductible will not exceed the Maximum Deductible amount and will not be less than the Minimum Deductible amount indicated on the "schedule of coverages".
4. **Loss Settlement Terms** -- Subject to paragraphs 1., 2., 3., 5., 6., and 7. under How Much We Pay, "we" pay the lesser of:
  - a. the amount determined under Valuation;

- b. the cost to repair, replace, or rebuild the property with material of like kind and quality to the extent practicable; or
- c. the "limit" that applies to the covered property. However, the most "we" pay for loss in any one occurrence is the Catastrophe Limit indicated on the "schedule of coverages".

5. **Coinsurance --**

- a. **When Coinsurance Applies --** "We" only pay a part of the loss if the "limit" is less than the percentage of the value of the covered property that is indicated on the "schedule of coverages".
- b. **How We Determine Our Part Of The Loss --** "Our" part of the loss is determined using the following steps:
  - 1) multiply the percent indicated on the "schedule of coverages" by the value of the covered property at the time of loss;
  - 2) divide the "limit" for covered property by the result determined in b.1) above;
  - 3) multiply the total amount of loss, after the application of any deductible, by the result determined in b.2) above.

The most "we" pay is the amount determined in b.3) above or the "limit", whichever is less. "We" do not pay any remaining part of the loss.

- c. **If There Is More Than One Limit --** If there is more than one "limit" indicated on the "schedule of coverages" for this coverage part, this procedure applies separately to each "limit".
- d. **If There Is Only One Limit --** If there is only one "limit" indicated on the "schedule of coverages" for this coverage, this procedure applies to the total of all covered property to which the "limit" applies.

- e. **When Coinsurance Does Not Apply --** Conditions for coinsurance do not apply unless a coinsurance percentage is indicated on the "schedule of coverages".

6. **Insurance Under More Than One Coverage --** If more than one coverage of this policy insures the same loss, "we" pay no more than the actual claim, loss, or damage sustained.

7. **Insurance Under More Than One Policy --**

- a. **Proportional Share --** "You" may have another policy subject to the same "terms" as this policy. If "you" do, "we" will pay "our" share of the covered loss. "Our" share is the proportion that the applicable "limit" under this policy bears to the "limit" of all policies covering on the same basis.
- b. **Excess Amount --** If there is another policy covering the same loss, other than that described above, "we" pay only for the amount of covered loss in excess of the amount due from that other policy, whether "you" can collect on it or not. But "we" do not pay more than the applicable "limit".

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## LOSS PAYMENT

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1. **Loss Payment Options --**

- a. **Our Options --** In the event of loss covered by this coverage form, "we" have the following options:
  - 1) pay the value of the lost or damaged property;
  - 2) pay the cost of repairing or replacing the lost or damaged property;



- 3) rebuild, repair, or replace the property with other property of equivalent kind and quality, to the extent practicable, within a reasonable time; or
  - 4) take all or any part of the property at the agreed or appraised value.
- b. **Notice Of Our Intent To Rebuild, Repair, Or Replace** -- "We" must give "you" notice of "our" intent to rebuild, repair, or replace within 30 days after receipt of a duly executed proof of loss.
2. **Your Losses** --
- a. **Adjustment And Payment Of Loss** -- "We" adjust all losses with "you". Payment will be made to "you" unless another loss payee is named in the policy.
  - b. **Conditions For Payment Of Loss** -- An insured loss will be payable 30 days after:
    - 1) a satisfactory proof of loss is received, and
    - 2) the amount of the loss has been established either by written agreement with "you" or the filing of an appraisal award with "us".
3. **Property Of Others** --
- a. **Adjustment And Payment of Loss To Property of Others** -- Losses to property of others may be adjusted with and paid to:
    - 1) "you" on behalf of the owner; or
    - 2) the owner.
  - b. **We Do Not Have To Pay You If We Pay The Owner** -- If "we" pay the owner, "we" do not have to pay "you". "We" may also choose to defend any suits brought by the owners at "our" expense.

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## REPORTING CONDITIONS

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**Equipment Leased Or Rented From Others** -- If indicated on the "schedule of coverages", the following reporting conditions apply.

1. **Reports** --
  - a. **You Will Report To Us** -- Within 30 days after the end of the policy period, "you" will report to "us" the total amount of "your" expenditures for "contractors' equipment" that "you" lease or rent from others.
  - b. **Cancellation** -- If this policy is canceled, "you" will report the total amount of expenditures up to and including the date of cancellation.
2. **Premium Computation And Adjustment** --
  - a. The premium will be adjusted at the end of the policy period. The total computed premium will be determined by multiplying "your" total equipment expenditures by the reporting rate indicated on the "schedule of coverages" for Equipment Leased or Rented From Others.
  - b. "We" will compare the total computed premium to the deposit premium. If it is more than the deposit premium, "you" will pay "us" the difference. If it is less than the deposit premium, "we" will pay "you" the difference subject to the minimum premium indicated on the "schedule of coverages".
3. **Provisions That Affect How Much We Pay** -- The following provisions apply to reports that are submitted and may affect How Much We Pay:
  - a. **Failure To Submit Reports** -- If "you" have failed to submit the required reports or no report has been submitted, the most "we" will pay is 90% of the "limit".

- b. **Reported Values Are Less Than The Full Value** -- If "your" last report before a loss shows less than the actual value of "your" expenditures for "contractors' equipment" that "you" lease or rent from others, "we" will only pay a part of the loss. "We" will not pay a greater portion of the loss, prior to the application of the deductible, than the total expenditures "you" reported divided by "your" actual expenditures for "contractors' equipment" that "you" lease or rent from others during the reporting period.
- c. **We Will Not Pay More Than The Limit** -- "We" will not pay more than the applicable "limit" regardless of any reported value used in computing the premium.

The appraisers will also determine the value of covered property items at the time of the loss, if requested.

If the appraisers submit a written report of any agreement to "us", the amount agreed upon will be the amount of the loss. If the appraisers fail to agree within a reasonable time, they will submit only their differences to the umpire. Written agreement so itemized and signed by any two of these three, sets the amount of the loss.

Each appraiser will be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire will be paid equally by "you" and "us".

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## OTHER CONDITIONS

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1. **Appraisal** -- If "you" and "we" do not agree on the amount of the loss or the value of covered property, either party may demand that these amounts be determined by appraisal.
- If either makes a written demand for appraisal, each will select a competent, independent appraiser and notify the other of the appraiser's identity within 20 days of receipt of the written demand. The two appraisers will then select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, "you" or "we" can ask a judge of a court of record in the state where the property is located to select an umpire.
- The appraisers will then determine and state separately the amount of each loss.

2. **Benefit to Others** -- Insurance under this coverage will not directly or indirectly benefit anyone having custody of "your" property.
3. **Conformity With Statute** -- When a condition of this coverage is in conflict with an applicable law, that condition is amended to conform to that law.
4. **Estates** -- This provision applies only if the insured is an individual.
- a. **Your Death** -- On "your" death, "we" cover the following as an insured:
- 1) the person who has custody of "your" property until a legal representative is qualified and appointed; or
  - 2) "your" legal representative.
- This person or organization is an insured only with respect to property covered by this coverage.
- b. **Policy Period Is Not Extended** -- This coverage does not extend past the policy period indicated on the declarations.

5. **Misrepresentation, Concealment, Or Fraud** -- This coverage is void as to "you" and any other insured if, before or after a loss:
- a. "you" or any other insured have willfully concealed or misrepresented:
    - 1) a material fact or circumstance that relates to this insurance or the subject thereof; or
    - 2) "your" interest herein.
  - b. there has been fraud or false swearing by "you" or any other insured with regard to a matter that relates to this insurance or the subject thereof.
6. **Policy Period** -- "We" pay for a covered loss that occurs during the policy period.
7. **Recoveries** -- If "we" pay "you" for the loss and lost or damaged property is recovered, or payment is made by those responsible for the loss, the following provisions apply:
- a. "you" must notify "us" promptly if "you" recover property or receive payment;
  - b. "we" must notify "you" promptly if "we" recover property or receive payment;
  - c. any recovery expenses incurred by either are reimbursed first;
  - d. "you" may keep the recovered property but "you" must refund to "us" the amount of the claim paid or any lesser amount to which "we" agree; and
  - e. if the claim paid is less than the agreed loss due to a deductible or other limiting "terms" of this policy, any recovery will be pro rated between "you" and "us" based on "our" respective interest in the loss.
8. **Restoration Of Limits** -- A loss "we" pay under this coverage does not reduce the applicable "limit" unless it is a total loss to a scheduled item. In the event of a total loss to a scheduled item, "we" refund the unearned premium on that item.
9. **Subrogation** -- If "we" pay for a loss, "we" may require "you" to assign to "us" "your" right of recovery against others. "You" must do all that is necessary to secure "our" rights. "We" do not pay for a loss if "you" impair this right to recover.
- "You" may waive "your" right to recover from others in writing before a loss occurs.
10. **Suit Against Us** -- No one may bring a legal action against "us" under this coverage unless:
- a. all of the "terms" of this coverage have been complied with; and
  - b. the suit has been brought within two years after "you" first have knowledge of the loss.
- If any applicable law makes this limitation invalid, then suit must begin within the shortest period permitted by law.
11. **Territorial Limits** -- "We" cover property while it is in the United States of America, its territories and possessions, Canada, and Puerto Rico.

## **BOOM RESTRICTION ENDORSEMENT**

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### **ADDITIONAL PROPERTY NOT COVERED**

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**Booms** -- "We" do not cover crane booms that exceed 25 feet in length.

However, "we" do cover booms over 25 feet in length when the loss is caused by a "specified peril" while the equipment is in transit.

## WEIGHT OF LOAD EXCLUSION

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### ADDITIONAL PERILS EXCLUDED

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The following exclusion is added under Perils Excluded, item 2:

**Weight of Load** -- "We" do not pay for loss caused by the weight of a load which, under the operating conditions at the time of a loss, exceeds the registered lifting capacity of the equipment.

## COMMON POLICY CONDITIONS

1. **Assignment** -- This policy may not be assigned without "our" written consent.
2. **Cancellation** -- "You" may cancel this policy by returning the policy to "us" or by giving "us" written notice and stating at what future date coverage is to stop.  
  
"We" may cancel this policy, or one or more of its parts, by written notice sent to "you" at "your" last mailing address known to "us". If notice of cancellation is mailed, proof of mailing will be sufficient proof of notice.  
  
If "we" cancel this policy for nonpayment of premium, "we" will give "you" notice at least ten days before the cancellation is effective. If "we" cancel this policy for any other reason, "we" will give "you" notice at least 30 days in advance of cancellation. The notice will state the time that the cancellation is to take effect.  
  
"Your" return premium, if any, will be calculated according to "our" rules. It will be refunded to "you" with the cancellation notice or within a reasonable time. Payment or tender of the unearned premium is not a condition of cancellation.
3. **Change, Modification, or Waiver of Policy Terms** -- A waiver or change of the "terms" of this policy must be issued by "us" in writing to be valid.
4. **Inspections** -- "We" have the right, but are not obligated, to inspect "your" property and operations at any time. This inspection may be made by "us" or may be made on "our" behalf. An inspection or its resulting advice or report does not warrant that "your" property or operations are safe, healthful, or in compliance with laws, rules, or regulations. Inspections or reports are for "our" benefit only.
5. **Examination of Books and Records** -- "We" may examine and audit "your" books and records that relate to this policy during the policy period and within three years after the policy has expired.

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## AMENDATORY ENDORSEMENT KENTUCKY

1. Under Common Policy Conditions, Cancellation is deleted and replaced by the following:

**Cancellation and Nonrenewal** -- "You" may cancel this policy by returning the policy to "us" or by giving "us" written notice and stating at what future date coverage is to stop.

"We" may cancel or not renew this policy by mailing or delivering written notice to "you" at "your" last address known to "us". Such notice may be delivered by electronic means if "you" have affirmatively consented to that method of delivery and have not withdrawn such consent. "Our" notice will state the reason for cancellation or nonrenewal. Proof of delivery or mailing is sufficient proof of notice.

If "we" cancel this policy when it has been in effect for 60 days or less, "we" will give "you" notice at least 14 days before cancellation is effective.

If this policy has been in effect for more than 60 days, or if it is a renewal of a policy issued by "us", "we" may cancel or not renew only at the anniversary date unless:

- a. the premium has not been paid when due;
- b. "we" have discovered fraud or material misrepresentation by "you" or with "your" knowledge in obtaining this policy, continuing this policy, or in presenting a claim under this policy;
- c. there has been a material change or increase in hazard of the risk after the policy was issued;
- d. "we" have discovered a willful or reckless act or omission by "you" which increases the hazard of the risk;

- e. there has been a violation of a local fire, health, safety, building, or construction regulation or ordinance with respect to any insured property or its occupancy which substantially increases the hazard of the risk;

- f. "we" are unable to reinsure the risk covered by this policy; or

- g. the commissioner of insurance has determined that the continuation of this policy would place "us" in violation of the insurance laws or regulations of this state.

If "we" cancel this policy for nonpayment of premium, "we" will give "you" notice at least 14 days before cancellation is effective. If "we" cancel this policy for any other reason after it has been in effect for more than 60 days, "we" will give "you" notice at least 75 days before cancellation is effective.

If "we" do not renew this policy, "we" will give "you" notice at least 75 days before nonrenewal is effective.

"Your" return premium, if any, will be refunded at the time of cancellation or as soon as practical. Payment or tender of the unearned premium is not a condition of cancellation.

2. The following is added under Common Policy Conditions:

**Renewal** -- If "we" elect to renew this policy, "we" will notify "you" by delivering or mailing to "you" at "your" last address known to "us" a renewal notice, bill, certificate, or policy. Such notice may be delivered by electronic means if "you" have affirmatively consented to that method of delivery and have not withdrawn such consent. Proof of delivery or mailing is sufficient proof of notice.

If the premium due for the renewal policy will exceed the premium for the current policy by more than 25% and there has been no substantial change in the coverage being provided or the hazard of the risk, "we" will notify "you" of the renewal premium amount at least 75 days before the end of the current policy period. In order to comply with this requirement, "we" may extend the current policy period at its expiring premium. "We" will send a copy of the notice to "our" agent.

In all other instances, "we" will notify "you" of the renewal premium amount at least 30 days before the end of the current policy period.

This policy will expire and terminate on the date the renewal premium is due, without further notice to "you", if the renewal premium has not been paid to "us" or "our" agent on or before its due date. In this event, within 15 days of the date the policy expired, "we" will deliver or mail to "you" at "your" last address known to "us" a notice of expiration. Such notice may be delivered by electronic means if "you" have affirmatively consented to that method of delivery and have not withdrawn such consent. The notice will indicate the date that the policy expired.

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## VIRUS OR BACTERIA EXCLUSION

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### DEFINITIONS

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#### Definitions Amended --

When "fungus" is a defined "term", the definition of "fungus" is amended to delete reference to a bacterium.

When "fungus or related perils" is a defined "term", the definition of "fungus or related perils" is amended to delete reference to a bacterium.

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### PERILS EXCLUDED

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The additional exclusion set forth below applies to all coverages, coverage extensions, supplemental coverages, optional coverages, and endorsements that are provided by the policy to which this endorsement is attached, including, but not limited to, those that provide coverage for property, earnings, extra expense, or interruption by civil authority.

1. The following exclusion is added under Perils Excluded, item 1.:

#### Virus or Bacteria --

"We" do not pay for loss, cost, or expense caused by, resulting from, or relating to any virus, bacterium, or other microorganism that causes disease, illness, or physical distress or that is capable of causing disease, illness, or physical distress.

This exclusion applies to, but is not limited to, any loss, cost, or expense as a result of:

- a. any contamination by any virus, bacterium, or other microorganism; or
  - b. any denial of access to property because of any virus, bacterium, or other microorganism.
2. **Superseded Exclusions** -- The Virus or Bacteria exclusion set forth by this endorsement supersedes the "terms" of any other exclusions referring to "pollutants" or to contamination with respect to any loss, cost, or expense caused by, resulting from, or relating to any virus, bacterium, or other microorganism that causes disease, illness, or physical distress or that is capable of causing disease, illness, or physical distress.

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### OTHER CONDITIONS

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#### Other Terms Remain in Effect --

The "terms" of this endorsement, whether or not applicable to any loss, cost, or expense, cannot be construed to provide coverage for a loss, cost, or expense that would otherwise be excluded under the policy to which this endorsement is attached.

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## AMENDATORY ENDORSEMENT KENTUCKY

Under Perils Excluded, Criminal, Fraudulent, Dishonest, Or Illegal Acts, if applicable, is amended to include the following:

However, if the loss arose out of a pattern of domestic abuse, committed by or at the direction of an insured, this exclusion will not apply to an otherwise covered loss suffered by another insured who did not cooperate with or contribute to the act that caused the loss. The insured that caused the loss must be criminally prosecuted for the act causing the loss. The innocent insured must cooperate in the prosecution.

Subject to all other "terms" of this policy, "our" payment to an insured who did not cooperate in or contribute to the act that caused the loss may be limited to that person's insurable interest in the property, less any payment made to a mortgagee or other party with a legal secured interest in the property. "We" retain all rights set forth in the Subrogation condition of this policy with regard to action against the perpetrator of the act that caused the loss.

## CRIME AND FIDELITY COVERAGE PART DECLARATIONS (GOVERNMENT ENTITIES)

The Crime And Fidelity Coverage Part (Government Entities) consists of this Declarations form and the Government Crime Coverage Form.

**Coverage Is Written:**

Primary
  Excess
  Coindemnity
  Concurrent

Insuring Agreements	Limit Of Insurance Per Occurrence	Deductible Amount Per Occurrence
1. Employee Theft – Per Loss Coverage	\$ 25,000	\$ 1,000
2. Employee Theft – Per Employee Coverage	\$ N/A	\$ N/A
3. Forgery Or Alteration	\$ 25,000	\$ 1,000
4. Inside The Premises – Theft Of Money and Securities	\$ 25,000	\$ 1,000
5. Inside The Premises – Robbery Or Safe Burglary Of Other Property	\$ 25,000	\$ 1,000
6. Outside The Premises	\$ 25,000	\$ 1,000
7. Computer And Funds Transfer Fraud	\$ 25,000	\$ 1,000
8. Money Orders And Counterfeit Money	\$ N/A	\$ N/A

If "Not Covered" is inserted above opposite any specified Insuring Agreement, such Insuring Agreement and any other reference thereto in this Policy are deleted.

<b>If Added by Endorsement:</b>		
Insuring Agreement(s)	Limit Of Insurance Per Occurrence	Deductible Amount Per Occurrence
	\$	\$
	\$	\$
	\$	\$

**Endorsements Forming Part Of This Coverage Part When Issued: See Schedule of Forms and Endorsements.**

**Cancellation Of Prior Insurance Issued By Us:**

**By acceptance of this Coverage Part, you give us notice cancelling prior Policy Numbers ; the cancellation to be effective at the time this Coverage Part becomes effective.**

**Countersignature Of Authorized Representative**

**Name:**

**Title:**

**Signature:**

**Date:**

## 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.

**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. Virtual Currency**

Loss involving virtual currency of any kind, by whatever name known, whether actual or fictitious including, but not limited to, digital currency, crypto currency or any other type of electronic currency.

**l. War And Similar 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.

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.

**l. 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 **l.(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.**

**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. "Discover" or "discovered" means the time when you first become aware of facts which would cause a reasonable person to assume that a loss of a type covered by this insurance has been or will be incurred, regardless of when the act or acts causing or contributing to such loss occurred, even though the exact amount or details of loss may not then be known.

"Discover" or "discovered" also means the time when you first receive notice of an actual or potential claim in which it is alleged that you are liable to a third party under circumstances which, if true, would constitute a loss under this insurance.
6. "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.

**7. "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 **7.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 **7.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; and
  - (6) Any natural person who is a guest student or intern pursuing studies or duties.
- b. Does not mean:

Any agent, independent contractor or representative of the same general character not specified in Paragraph **7.a.**



8. "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.
9. "Financial institution premises" means the interior of that portion of any building occupied by a "financial institution" as defined in Paragraph **F.8.a.**
10. "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.
11. "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.
12. "Messenger" means you or any "employee" while having care and custody of property outside the "premises".
13. "Money" means:
- a. Currency, coins and bank notes in current use and having a face value;
  - 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.8.b.**
14. "Occurrence" means:
- a. Under Insuring Agreement **A.1.:**
    - (1) An individual act;
    - (2) The combined total of all separate acts whether or not related; or
    - (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.**

- 15.** "Other property" means any tangible property other than "money" and "securities" that has intrinsic value. "Other property" does not include "computer programs", "electronic data" or any property specifically excluded under this insurance.
- 16.** "Premises" means the interior of that portion of any building you occupy in conducting your business.
- 17.** "Robbery" means the unlawful taking of property from the care and custody of a person by one who has:
  - a.** Caused or threatened to cause that person bodily harm; or
  - b.** Committed an obviously unlawful act witnessed by that person.
- 18.** "Safe burglary" means the unlawful taking of:
  - a.** Property from within a locked safe or vault by a person unlawfully entering the safe or vault as evidenced by marks of forcible entry upon its exterior; or

**b.** A safe or vault from inside the "premises".

- 19.** "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or property and includes:
  - a.** Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
  - b.** Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;  
but does not include "money".
- 20.** "Theft" means the unlawful taking of property to the deprivation of the Insured.
- 21.** "Transfer account" means an account maintained by you at a "financial institution" from which you can initiate the transfer, payment or delivery of "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.
- 22.** "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 – TERMINATION OF EMPLOYEE**

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM  
COMMERCIAL CRIME POLICY  
EMPLOYEE THEFT AND FORGERY POLICY  
GOVERNMENT CRIME COVERAGE FORM  
GOVERNMENT CRIME POLICY  
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY

- A.** In the Commercial Crime Coverage Form, Commercial Crime Policy and Employee Theft And Forgery Policy, Paragraph **(2)** of the **Termination As To Any Employee** Condition **E.2.a.** is deleted.
- B.** In the Government Crime Coverage Form, Government Crime Policy and Government Employee Theft And Forgery Policy, Paragraph **(2)** of the **Termination As To Any Employee** Condition **E.2.b.** is deleted.

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

## **KENTUCKY CHANGES – BINDING ARBITRATION**

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM  
COMMERCIAL CRIME POLICY  
EMPLOYEE THEFT AND FORGERY POLICY  
GOVERNMENT CRIME COVERAGE FORM  
GOVERNMENT CRIME POLICY  
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY  
KIDNAP/RANSOM AND EXTORTION COVERAGE FORM  
KIDNAP/RANSOM AND EXTORTION POLICY

If you and we disagree on the amount of loss, both parties may, by mutual consent, agree to arbitration of the disagreement.

If both parties agree to arbitrate, each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree on the third within 30 days, both parties must request that selection be made by a judge of a court having jurisdiction. Each party will:

1. Pay the expenses it incurs; and
2. Bear the expenses of the umpire equally.

Unless both parties agree otherwise, arbitration will take place in the county or parish in which the address shown in the Declarations is located. Local rules of law as to procedure and evidence will apply. A decision agreed to by any two will be binding.

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

**ADD FAITHFUL PERFORMANCE OF DUTY COVERAGE  
FOR GOVERNMENT EMPLOYEES**

This endorsement modifies insurance provided under the following:

GOVERNMENT CRIME COVERAGE FORM  
GOVERNMENT CRIME POLICY  
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY

and applies to the Insuring Agreements designated below:

**SCHEDULE**

Limit Of Insurance	
<input checked="" type="checkbox"/> <b>Employee Theft – Per Loss Coverage</b>	<b>\$25,000</b>
<input type="checkbox"/> <b>Employee Theft – Per Employee Coverage</b>	<b>\$</b>

**A.** 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. The most we will pay for loss arising out of any one "occurrence" is the Limit Of Insurance shown in the Schedule. That Limit is part of, not in addition to, the Limit Of Insurance shown in the Declarations.

**B.** 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.

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

**Indemnification**

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.

**D.** Paragraph **(1)** of the **Termination As To Any Employee** Condition is replaced by the following:

**(1)** As soon as:

- (a)** You; or
- (b)** Any official or employee authorized to manage, govern or control your "employees" not in collusion with the "employee";

learns 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; or

**E.** The coverage provided by this endorsement does not apply to any employee benefit plan covered under the Employee Theft Insuring Agreement shown in the Schedule.

Insurance is Provided by:

**Policy Number: CPO-0632579-02**

**American Zurich Insurance Company  
1299 Zurich Way  
Schaumburg, IL 60196-1056**

**A Stock Insurer**

**COMMERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS**

Named Insured: Big Sandy Water District  
18200 State Rte. 3  
Catlettsburg, KY 41129

Policy Period: Coverage begins 7/1/2021 at 12:01 A.M.; Coverage ends 7/1/2022 at 12:01 A.M.

Producer Name:

Allied Public Risk, LLC  
4507 N Front Street Suite 200  
Harrisburg, PA 17110

Agent No. 56139000

**Item 1. Business Description: Special District**

**Item 2. Limits of Insurance**

GENERAL AGGREGATE LIMIT	<u>\$3,000,000</u>	
PRODUCTS-COMPLETED OPERATIONS AGGREGATE LIMIT	<u>\$1,000,000</u>	
EACH OCCURRENCE LIMIT	<u>\$1,000,000</u>	
DAMAGE TO PREMISES RENTED TO YOU LIMIT	<u>\$1,000,000</u>	Any one premises
MEDICAL EXPENSE LIMIT	<u>\$5,000</u>	Any one person
PERSONAL AND ADVERTISING INJURY LIMIT	<u>\$1,000,000</u>	Any one person or organization

**Item 3. Retroactive Date (CG 00 02 ONLY)**

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" offense which occurs before the Retroactive Date, if any, shown here: None  
(Enter Date or "None" if no Retroactive Date applies)

**Item 4. Form of Business and Location Premises**

Form of Business: Special District

Location of All Premises You Own, Rent or Occupy: **Schedule of Locations on File with Carrier**

**Item 5. Schedule of Forms and Endorsements**

Form(s) and Endorsement(s) made a part of this Policy at time of issue:

**See Schedule of Forms and Endorsements**

**Item 6. Premiums**

Coverage Part Premium:	<b>\$ 5,804</b>
Other Premium	<b>\$ Included</b>
Total Premium	<b>\$ 5,804</b>

Policy Number: CPO-0632579-02

**COMMERCIAL GENERAL LIABILITY COVERAGE SCHEDULE**

Named Insured: Big Sandy Water District

Effective Date: 7/1/2021  
12:01 A.M., Standard Time

Agent Name: Allied Public Risk LLC

Agent No.: 56139000

**Item 5. Location of Premises**

Location of All Premises You Own, Rent or Occupy: **See Schedule of Locations**

Code No.	Premium Basis	Premises/Operations	
99943	Payroll per 1000		
Location	Exposure	Rate	Premium
	265,363		\$3,842
Classification: Water Company		Products/Completed Operations	
		Rate	Premium Included



## COMMERCIAL GENERAL LIABILITY COVERAGE FORM

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

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

The word "insured" means any person or organization qualifying as such under Section II – Who Is An Insured.

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

### SECTION I – COVERAGES

#### COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY

##### 1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance; and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A and B.

b. This insurance applies to "bodily injury" and "property damage" only if:

- (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";

(2) The "bodily injury" or "property damage" occurs during the policy period; and

(3) Prior to the policy period, no insured listed under Paragraph 1. of Section II – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

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

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

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

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

## 2. Exclusions

This insurance does not apply to:

### a. Expected Or Intended Injury

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

### b. Contractual Liability

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

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorneys' fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
  - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
  - (b) Such attorneys' fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

### c. Liquor Liability

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

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

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in:

- (a) The supervision, hiring, employment, training or monitoring of others by that insured; or
- (b) Providing or failing to provide transportation with respect to any person that may be under the influence of alcohol;

if the "occurrence" which caused the "bodily injury" or "property damage", involved that which is described in Paragraph (1), (2) or (3) above.

However, this exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages. For the purposes of this exclusion, permitting a person to bring alcoholic beverages on your premises, for consumption on your premises, whether or not a fee is charged or a license is required for such activity, is not by itself considered the business of selling, serving or furnishing alcoholic beverages.

### d. Workers' Compensation And Similar Laws

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

### e. Employer's Liability

"Bodily injury" to:

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

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

**f. Pollution**

- (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":
  - (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:
    - (i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;
    - (ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or
    - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";
  - (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
  - (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:
    - (i) Any insured; or
    - (ii) Any person or organization for whom you may be legally responsible; or
  - (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
    - (i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;
    - (ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
    - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".
  - (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

(2) Any loss, cost or expense arising out of any:

- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

**g. Aircraft, Auto Or Watercraft**

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

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

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
  - (a) Less than 26 feet long; and
  - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of:

- (a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged; or
- (b) The operation of any of the machinery or equipment listed in Paragraph **f.(2)** or **f.(3)** of the definition of "mobile equipment".

**h. Mobile Equipment**

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

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

**i. War**

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

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

**j. Damage To Property**

"Property damage" to:

- (1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;

- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of seven or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section III – Limits Of Insurance.

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

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

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

**k. Damage To Your Product**

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

**l. Damage To Your Work**

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

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

**m. Damage To Impaired Property Or Property Not Physically Injured**

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

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

**n. Recall Of Products, Work Or Impaired Property**

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

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

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

**o. Personal And Advertising Injury**

"Bodily injury" arising out of "personal and advertising injury".

**p. Electronic Data**

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

However, this exclusion does not apply to liability for damages because of "bodily injury".

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

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

"Bodily injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or

- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

Exclusions c. through n. do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section III – Limits Of Insurance.

## **COVERAGE B – PERSONAL AND ADVERTISING INJURY LIABILITY**

### **1. Insuring Agreement**

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A and B.

- b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

### **2. Exclusions**

This insurance does not apply to:

#### **a. Knowing Violation Of Rights Of Another**

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

#### **b. Material Published With Knowledge Of Falsity**

"Personal and advertising injury" arising out of oral or written publication, in any manner, of material, if done by or at the direction of the insured with knowledge of its falsity.

#### **c. Material Published Prior To Policy Period**

"Personal and advertising injury" arising out of oral or written publication, in any manner, of material whose first publication took place before the beginning of the policy period.

#### **d. Criminal Acts**

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

#### **e. Contractual Liability**

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

#### **f. Breach Of Contract**

"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

#### **g. Quality Or Performance Of Goods – Failure To Conform To Statements**

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

#### **h. Wrong Description Of Prices**

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

**i. Infringement Of Copyright, Patent, Trademark Or Trade Secret**

"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your "advertisement".

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

**j. Insureds In Media And Internet Type Businesses**

"Personal and advertising injury" committed by an insured whose business is:

- (1) Advertising, broadcasting, publishing or telecasting;
- (2) Designing or determining content of web sites for others; or
- (3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **14.a.**, **b.** and **c.** of "personal and advertising injury" under the Definitions section.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

**k. Electronic Chatrooms Or Bulletin Boards**

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

**l. Unauthorized Use Of Another's Name Or Product**

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

**m. Pollution**

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

**n. Pollution-related**

Any loss, cost or expense arising out of any:

- (1) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

**o. War**

"Personal and advertising injury", however caused, arising, directly or indirectly, out of:

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

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

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or
- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

## COVERAGE C – MEDICAL PAYMENTS

### 1. Insuring Agreement

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

- (1) On premises you own or rent;
  - (2) On ways next to premises you own or rent; or
  - (3) Because of your operations;
- provided that:

- (a) The accident takes place in the "coverage territory" and during the policy period;
- (b) The expenses are incurred and reported to us within one year of the date of the accident; and
- (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

- (1) First aid administered at the time of an accident;
- (2) Necessary medical, surgical, X-ray and dental services, including prosthetic devices; and
- (3) Necessary ambulance, hospital, professional nursing and funeral services.

### 2. Exclusions

We will not pay expenses for "bodily injury":

#### a. Any Insured

To any insured, except "volunteer workers".

#### b. Hired Person

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

#### c. Injury On Normally Occupied Premises

To a person injured on that part of premises you own or rent that the person normally occupies.

### d. Workers' Compensation And Similar Laws

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

### e. Athletics Activities

To a person injured while practicing, instructing or participating in any physical exercises or games, sports, or athletic contests.

### f. Products-Completed Operations Hazard

Included within the "products-completed operations hazard".

### g. Coverage A Exclusions

Excluded under Coverage A.

## SUPPLEMENTARY PAYMENTS – COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

- a. All expenses we incur.
- b. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
- c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
- e. All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.
- f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.



- g.** All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

- 2.** If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:
  - a.** The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
  - b.** This insurance applies to such liability assumed by the insured;
  - c.** The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
  - d.** The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
  - e.** The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
  - f.** The indemnitee:
    - (1)** Agrees in writing to:
      - (a)** Cooperate with us in the investigation, settlement or defense of the "suit";
      - (b)** Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
      - (c)** Notify any other insurer whose coverage is available to the indemnitee; and
      - (d)** Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
    - (2)** Provides us with written authorization to:
      - (a)** Obtain records and other information related to the "suit"; and
      - (b)** Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph **2.b.(2)** of Section **I – Coverage A – Bodily Injury And Property Damage Liability**, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when we have used up the applicable limit of insurance in the payment of judgments or settlements or the conditions set forth above, or the terms of the agreement described in Paragraph **f.** above, are no longer met.

## **SECTION II – WHO IS AN INSURED**

- 1.** If you are designated in the Declarations as:
  - a.** An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
  - b.** A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
  - c.** A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
  - d.** An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
  - e.** A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

2. Each of the following is also an insured:
    - a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:
      - (1) "Bodily injury" or "personal and advertising injury":
        - (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
        - (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1)(a) above;
        - (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph (1)(a) or (b) above; or
        - (d) Arising out of his or her providing or failing to provide professional health care services.
      - (2) "Property damage" to property:
        - (a) Owned, occupied or used by;
        - (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by; you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
    - b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.
    - c. Any person or organization having proper temporary custody of your property if you die, but only:
      - (1) With respect to liability arising out of the maintenance or use of that property; and
      - (2) Until your legal representative has been appointed.
    - d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
  3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
    - a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
    - b. Coverage **A** does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
    - c. Coverage **B** does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.
- No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

### SECTION III – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
  - a. Insureds;
  - b. Claims made or "suits" brought; or
  - c. Persons or organizations making claims or bringing "suits".
2. The General Aggregate Limit is the most we will pay for the sum of:
  - a. Medical expenses under Coverage **C**;
  - b. Damages under Coverage **A**, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
  - c. Damages under Coverage **B**.

3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage **A** for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
4. Subject to Paragraph **2.** above, the Personal And Advertising Injury Limit is the most we will pay under Coverage **B** for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.
5. Subject to Paragraph **2.** or **3.** above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
  - a. Damages under Coverage **A**; and
  - b. Medical expenses under Coverage **C**
 because of all "bodily injury" and "property damage" arising out of any one "occurrence".
6. Subject to Paragraph **5.** above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage **A** for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.
7. Subject to Paragraph **5.** above, the Medical Expense Limit is the most we will pay under Coverage **C** for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

## **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS**

### **1. Bankruptcy**

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

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

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
  - (1) How, when and where the "occurrence" or offense took place;
  - (2) The names and addresses of any injured persons and witnesses; and

- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.
- b. If a claim is made or "suit" is brought against any insured, you must:
    - (1) Immediately record the specifics of the claim or "suit" and the date received; and
    - (2) Notify us as soon as practicable.
 You must see to it that we receive written notice of the claim or "suit" as soon as practicable.
  - c. You and any other involved insured must:
    - (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
    - (2) Authorize us to obtain records and other information;
    - (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
    - (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.
  - d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

### **3. Legal Action Against Us**

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

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

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

#### 4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages **A** or **B** of this Coverage Part, our obligations are limited as follows:

##### a. Primary Insurance

This insurance is primary except when Paragraph **b.** below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in Paragraph **c.** below.

##### b. Excess Insurance

(1) This insurance is excess over:

(a) Any of the other insurance, whether primary, excess, contingent or on any other basis:

(i) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";

(ii) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;

(iii) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or

(iv) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion **g.** of Section **I** – Coverage **A** – Bodily Injury And Property Damage Liability.

(b) Any other primary insurance available to you covering liability for damages arising out of the premises or operations, or the products and completed operations, for which you have been added as an additional insured.

(2) When this insurance is excess, we will have no duty under Coverages **A** or **B** to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

(3) When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

(a) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and

(b) The total of all deductible and self-insured amounts under all that other insurance.

(4) We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

##### c. Method Of Sharing

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

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

#### 5. Premium Audit

a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.

b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.

c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

#### 6. Representations

By accepting this policy, you agree:

a. The statements in the Declarations are accurate and complete;

- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

**7. Separation Of Insureds**

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

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

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

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

**9. When We Do Not Renew**

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

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

**SECTION V – DEFINITIONS**

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

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

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
4. "Coverage territory" means:
  - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
  - b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph a. above; or
  - c. All other parts of the world if the injury or damage arises out of:
    - (1) Goods or products made or sold by you in the territory described in Paragraph a. above;
    - (2) The activities of a person whose home is in the territory described in Paragraph a. above, but is away for a short time on your business; or
    - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication; provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in Paragraph a. above or in a settlement we agree to.
5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, bylaws or any other similar governing document.
7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
  - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
  - b. You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by the repair, replacement, adjustment or removal of "your product" or "your work" or your fulfilling the terms of the contract or agreement.

- 9. "Insured contract" means:**
- a.** A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
  - b.** A sidetrack agreement;
  - c.** Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
  - d.** An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
  - e.** An elevator maintenance agreement;
  - f.** That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph **f.** does not include that part of any contract or agreement:

- (1)** That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
- (2)** That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
  - (a)** Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
  - (b)** Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (3)** Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in **(2)** above and supervisory, inspection, architectural or engineering activities.

- 10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".**
- 11. "Loading or unloading" means the handling of property:**
- a.** After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
  - b.** While it is in or on an aircraft, watercraft or "auto"; or
  - c.** While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;
- but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".
- 12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:**
- a.** Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
  - b.** Vehicles maintained for use solely on or next to premises you own or rent;
  - c.** Vehicles that travel on crawler treads;
  - d.** Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
    - (1)** Power cranes, shovels, loaders, diggers or drills; or
    - (2)** Road construction or resurfacing equipment such as graders, scrapers or rollers;
  - e.** Vehicles not described in Paragraph **a.**, **b.**, **c.** or **d.** above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
    - (1)** Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
    - (2)** Cherry pickers and similar devices used to raise or lower workers;
  - f.** Vehicles not described in Paragraph **a.**, **b.**, **c.** or **d.** above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

- (1) Equipment designed primarily for:
  - (a) Snow removal;
  - (b) Road maintenance, but not construction or resurfacing; or
  - (c) Street cleaning;
- (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

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

**13.** "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

**14.** "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
- d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- e. Oral or written publication, in any manner, of material that violates a person's right of privacy;
- f. The use of another's advertising idea in your "advertisement"; or
- g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

**15.** "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

**16.** "Products-completed operations hazard":

a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

- (1) Products that are still in your physical possession; or
- (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
  - (a) When all of the work called for in your contract has been completed.
  - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
  - (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

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

b. Does not include "bodily injury" or "property damage" arising out of:

- (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
- (2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
- (3) Products or operations for which the classification, listed in the Declarations or in a policy Schedule, states that products-completed operations are subject to the General Aggregate Limit.

**17.** "Property damage" means:

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

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

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

**18.** "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

- a.** An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
- b.** Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

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

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

**21.** "Your product":

- a.** Means:
  - (1)** Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
    - (a)** You;
    - (b)** Others trading under your name; or
    - (c)** A person or organization whose business or assets you have acquired; and
  - (2)** Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

**b.** Includes:

- (1)** Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
- (2)** The providing of or failure to provide warnings or instructions.

**c.** Does not include vending machines or other property rented to or located for the use of others but not sold.

**22.** "Your work":

**a.** Means:

- (1)** Work or operations performed by you or on your behalf; and
- (2)** Materials, parts or equipment furnished in connection with such work or operations.

**b.** Includes:

- (1)** Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
- (2)** The providing of or failure to provide warnings or instructions.



# Policyholder Notice - General Liability Unmanned Aircraft Endorsements



This Notice does not form part of your policy. No coverage is provided by this Notice nor can it be construed to replace any provision of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided. If there is any conflict between the Policy and this Notice, **THE PROVISIONS OF THE POLICY SHALL PREVAIL.**

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

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

## **FOR USE WITH THE COMMERCIAL GENERAL LIABILITY COVERAGE PART: CG 21 09 – Exclusion – Unmanned Aircraft**

When this endorsement is attached to your policy, coverage is excluded with respect to bodily injury and property damage arising out of the ownership, maintenance, use or entrustment to others of any unmanned aircraft. The attachment of this endorsement will result in a reduction in coverage under Coverage **A** – Bodily Injury And Property Damage Liability to the extent that:

1. An exposure exists with respect to unmanned aircraft that are **not** owned or operated by or rented or loaned to any insured; or
2. Liability is assumed under any insured contract for the ownership, maintenance or use of unmanned aircraft.

In addition, this endorsement excludes coverage with respect to personal and advertising injury arising out of the ownership, maintenance, use or entrustment to others of any unmanned aircraft, with certain exceptions. The attachment of this endorsement will result in a reduction in coverage under Coverage **B** – Personal And Advertising Injury Liability, to the extent that an exposure exists with respect to unmanned aircraft. However, the attachment of this endorsement would **not** result in a reduction of coverage with respect to the use of another's advertising idea in your advertisement or to infringing upon another's copyright, trade dress or slogan in your advertisement.

## **CG 21 10 – Exclusion – Unmanned Aircraft (Coverage A Only)**

When this endorsement is attached to your policy, coverage is excluded with respect to bodily injury and property damage arising out of the ownership, maintenance, use or entrustment to others of any unmanned aircraft. The attachment of this endorsement will result in a reduction in coverage under Coverage **A** – Bodily Injury And Property Damage Liability to the extent that:

1. An exposure exists with respect to unmanned aircraft that are **not** owned or operated by or rented or loaned to any insured; or
2. Liability is assumed under any insured contract for the ownership, maintenance or use of unmanned aircraft.

## **CG 21 11 – Exclusion – Unmanned Aircraft (Coverage B Only)**

When this endorsement is attached to your policy, coverage is excluded with respect to personal and advertising injury arising out of the ownership, maintenance, use or entrustment to others of any unmanned aircraft, with certain exceptions. The attachment of this endorsement will result in a reduction in coverage under Coverage **B** – Personal And Advertising Injury Liability, to the extent that an exposure exists with respect to unmanned aircraft. However, the attachment of this endorsement would **not** result in a reduction of coverage with respect to the use of another's advertising idea in your advertisement or to infringing upon another's copyright, trade dress or slogan in your advertisement.

### **CG 24 50 – Limited Coverage For Designated Unmanned Aircraft**

The attachment of this endorsement will result in a broadening of coverage under Coverage **A** – Bodily Injury And Property Damage Liability with respect to designated unmanned aircraft that are owned or operated by or rented or loaned to any insured, but only with respect to designated operations or projects.

However, the attachment of this endorsement will result in a reduction in coverage under Coverage **A** to the extent that:

- An exposure exists with respect to unmanned aircraft that are **not** designated in the Schedule of the endorsement; or
- Liability is assumed under any insured contract for the ownership, maintenance or use of unmanned aircraft; with respect to unmanned aircraft that are:
  - **Not** designated in the Schedule of the endorsement; or
  - Designated in the Schedule of the endorsement, with respect to operations or projects that are **not** designated in the Schedule of the endorsement.

In addition, the attachment of this endorsement will result in a reduction in coverage under Coverage **B** – Personal And Advertising Injury Liability, to the extent that an exposure exists with respect to unmanned aircraft that are not designated in the Schedule of the endorsement.

However, the attachment of this endorsement would **not** result in a reduction of coverage with respect to the use of another's advertising idea in your advertisement or to infringing upon another's copyright, trade dress or slogan in your advertisement.

This endorsement contains an optional Unmanned Aircraft Liability Aggregate Limit. If a limit is shown in the Schedule, any coverage provided under the endorsement is subject to that aggregate limit. The Unmanned Aircraft Liability Aggregate Limit will be subject to the General Aggregate Limit or the Products-Completed Operations Aggregate Limit, whichever applies. All other limits continue to apply if and to the extent that the Unmanned Aircraft Liability Aggregate Limit has not been used up.

### **CG 24 51 – Limited Coverage For Designated Unmanned Aircraft (Coverage A Only)**

The attachment of this endorsement will result in a broadening of coverage under Coverage **A** – Bodily Injury And Property Damage Liability with respect to designated unmanned aircraft that are owned or operated by or rented or loaned to any insured, but only with respect to designated operations or projects.

However, the attachment of this endorsement will result in a reduction in coverage under Coverage **A** to the extent that:

- An exposure exists with respect to unmanned aircraft that are **not** designated in the schedule of the endorsement; or
- Liability is assumed under any insured contract for the ownership, maintenance or use of unmanned aircraft; with respect to unmanned aircraft that are:
  - **Not** designated in the Schedule of the endorsement; or
  - Designated in the Schedule of the endorsement, with respect to operations or projects that are **not** designated in the Schedule of the endorsement.

This endorsement contains an optional Coverage **A** Unmanned Aircraft Liability Aggregate Limit. If a limit is shown in the Schedule, any coverage provided under the endorsement is subject to that aggregate limit. The Coverage **A** Unmanned Aircraft Liability Aggregate Limit will be subject to the General Aggregate Limit or the Products-Completed Operations Aggregate Limit, whichever applies. All other limits continue to apply if and to the extent that the Coverage **A** Unmanned Aircraft Liability Aggregate Limit has not been used up.

### **CG 24 52 – Limited Coverage For Designated Unmanned Aircraft (Coverage B Only)**

The attachment of this endorsement will result in a reduction in coverage under Coverage **B** – Personal And Advertising Injury Liability, to the extent that an exposure exists with respect to unmanned aircraft, but only if such unmanned aircraft are:

- **Not** designated in the Schedule of the endorsement; or

- Designated in the Schedule of the endorsement, with respect to operations or projects that are **not** designated in the Schedule of the endorsement.

However, the attachment of this endorsement would **not** result in a reduction of coverage with respect to the use of another's advertising idea in your advertisement or to infringing upon another's copyright, trade dress or slogan in your advertisement.

This endorsement contains an optional Coverage **B** Unmanned Aircraft Liability Aggregate Limit. If a limit is shown in the Schedule, any coverage provided under the endorsement is subject to that aggregate limit. The Coverage **B** Unmanned Aircraft Liability Aggregate Limit will be subject to the General Aggregate Limit. The Personal And Advertising Injury Limit continues to apply if and to the extent that the Coverage **B** Unmanned Aircraft Liability Aggregate Limit has not been used up.

**FOR USE WITH THE OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART: CG 29 60-  
Exclusion –Unmanned Aircraft**

When this endorsement is attached to your policy, coverage is excluded with respect to bodily injury and property damage arising out of the ownership, maintenance, use or entrustment to others of any unmanned aircraft. The attachment of this endorsement will result in a reduction in coverage to the extent that an exposure exists with respect to unmanned aircraft

## IMPORTANT NOTICE TO POLICYHOLDERS

### Fungi Or Bacteria Exclusion Endorsement (U-GL-1171-B)

This is a summary of the major changes in your Commercial General Liability Coverage Part. No coverage is provided by this summary nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations Page for complete information on the coverages you are provided. If there is any conflict between the policy and this summary, **THE PROVISIONS OF THIS POLICY SHALL PREVAIL.**

The material in the notice makes reference to form and endorsement numbers; **however, not all forms and endorsements are included in a particular policy.** Please consult with your broker for how the change impacts your individual policy as certain coverages may have previously been extended by endorsement.

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#### COVERAGE FORMS, CAUSES OF LOSS FORMS AND RELATED ENDORSEMENTS

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##### Clarification of Coverage

- **Fungi Or Bacteria Exclusion Endorsement (U-GL-1171-B)**

This is an update to the 'A' version of the endorsement. Under U-GL-1171-B, we have clarified:

- That the exclusion applies to all diseases contracted by contact with "fungi" or "bacteria" in water, water vapor or water droplets, including but not limited to Legionnaire's Disease.
- The exception to the (**Fungi or Bacteria**) exclusion language by indicating that the exclusion does not apply to any *"bodily injury" or "property damage" caused by any "fungi" or "bacteria" that are, are on, or are contained in, any other edible good or edible product intended for human or animal consumption. (The words "bodily injury" or "property damage" caused by any have been added to provided clarification.)*

## **IMPORTANT NOTICE TO POLICYHOLDERS General Liability Supplemental Coverage Endorsement (U-GL-1345-C)**

This is a summary of the major changes in your Commercial General Liability Coverage Part. No coverage is provided by this summary nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations Page for complete information on the coverages you are provided. If there is any conflict between the policy and this summary, **THE PROVISIONS OF THIS POLICY SHALL PREVAIL.**

The material in the notice makes reference to form and endorsement numbers; **however, not all forms and endorsements are included in a particular policy.** Please consult with your broker for how the change impacts your individual policy as certain coverages may have previously been extended by endorsement.

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### **COVERAGE FORMS, CAUSES OF LOSS FORMS AND RELATED ENDORSEMENTS**

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#### **Reduction of Coverage**

- **General Liability Supplemental Coverage Endorsement (U-GL-1345-C)**

With this updated endorsement, we are removing the Priority Condition in the General Liability Supplemental Endorsement that applied limits of insurance in a priority order beginning with the Named Insured.

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

## EMPLOYEE BENEFITS LIABILITY COVERAGE

**THIS ENDORSEMENT PROVIDES CLAIMS-MADE COVERAGE.  
PLEASE READ THE ENTIRE ENDORSEMENT CAREFULLY.**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

### SCHEDULE

Coverage	Limit Of Insurance	Each Employee Deductible	Premium
<b>Employee Benefits Programs</b>	\$ 1,000,000 each employee	\$ 1,000	\$ Included
	\$ 3,000,000 aggregate		
<b>Retroactive Date:</b>	7/1/1999		
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.			

**A. The following is added to Section I – Coverages:**

**COVERAGE – EMPLOYEE BENEFITS LIABILITY**

**1. Insuring Agreement**

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of any act, error or omission, of the insured, or of any other person for whose acts the insured is legally liable, to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages to which this insurance does not apply. We may, at our discretion, investigate any report of an act, error or omission and settle any "claim" or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Paragraph D. (Section III – Limits Of Insurance); and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments.

**b. This insurance applies to damages only if:**

- (1) The act, error or omission, is negligently committed in the "administration" of your "employee benefit program";
- (2) The act, error or omission, did not take place before the Retroactive Date, if any, shown in the Schedule nor after the end of the policy period; and
- (3) A "claim" for damages, because of an act, error or omission, is first made against any insured, in accordance with Paragraph c. below, during the policy period or an Extended Reporting Period we provide under Paragraph F. of this endorsement.

**c. A "claim" seeking damages will be deemed to have been made at the earlier of the following times:**

- (1) When notice of such "claim" is received and recorded by any insured or by us, whichever comes first; or

- (2) When we make settlement in accordance with Paragraph a. above.

A "claim" received and recorded by the insured within 60 days after the end of the policy period will be considered to have been received within the policy period, if no subsequent policy is available to cover the claim.

- d. All "claims" for damages made by an "employee" because of any act, error or omission, or a series of related acts, errors or omissions, including damages claimed by such "employee's" dependents and beneficiaries, will be deemed to have been made at the time the first of those "claims" is made against any insured.

## 2. Exclusions

This insurance does not apply to:

### a. Dishonest, Fraudulent, Criminal Or Malicious Act

Damages arising out of any intentional, dishonest, fraudulent, criminal or malicious act, error or omission, committed by any insured, including the willful or reckless violation of any statute.

### b. Bodily Injury, Property Damage, Or Personal And Advertising Injury

"Bodily injury", "property damage" or "personal and advertising injury".

### c. Failure To Perform A Contract

Damages arising out of failure of performance of contract by any insurer.

### d. Insufficiency Of Funds

Damages arising out of an insufficiency of funds to meet any obligations under any plan included in the "employee benefit program".

### e. Inadequacy Of Performance Of Investment/Advice Given With Respect To Participation

Any "claim" based upon:

- (1) Failure of any investment to perform;
- (2) Errors in providing information on past performance of investment vehicles; or
- (3) Advice given to any person with respect to that person's decision to participate or not to participate in any plan included in the "employee benefit program".

### f. Workers' Compensation And Similar Laws

Any "claim" arising out of your failure to comply with the mandatory provisions of any workers' compensation, unemployment compensation insurance, social security or disability benefits law or any similar law.

### g. ERISA

Damages for which any insured is liable because of liability imposed on a fiduciary by the Employee Retirement Income Security Act of 1974, as now or hereafter amended, or by any similar federal, state or local laws.

### h. Available Benefits

Any "claim" for benefits to the extent that such benefits are available, with reasonable effort and cooperation of the insured, from the applicable funds accrued or other collectible insurance.

### i. Taxes, Fines Or Penalties

Taxes, fines or penalties, including those imposed under the Internal Revenue Code or any similar state or local law.

### j. Employment-Related Practices

Damages arising out of wrongful termination of employment, discrimination, or other employment-related practices.

- B. For the purposes of the coverage provided by this endorsement:

1. All references to Supplementary Payments – Coverages A and B are replaced by Supplementary Payments – Coverages A, B and **Employee Benefits Liability**.
2. Paragraphs 1.b. and 2. of the Supplementary Payments provision do not apply.

- C. For the purposes of the coverage provided by this endorsement, Paragraphs 2. and 3. of **Section II – Who Is An Insured** are replaced by the following:

2. Each of the following is also an insured:
  - a. Each of your "employees" who is or was authorized to administer your "employee benefit program".
  - b. Any persons, organizations or "employees" having proper temporary authorization to administer your "employee benefit program" if you die, but only until your legal representative is appointed.

- c. 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 Endorsement.
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 no other similar insurance applies 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 under this provision does not apply to any act, error or omission that was committed before you acquired or formed the organization.
- D. For the purposes of the coverage provided by this endorsement, **Section III – Limits Of Insurance** is replaced by the following:
- 1. Limits Of Insurance**
- a. The Limits of Insurance shown in the Schedule and the rules below fix the most we will pay regardless of the number of:
    - (1) Insureds;
    - (2) "Claims" made or "suits" brought;
    - (3) Persons or organizations making "claims" or bringing "suits";
    - (4) Acts, errors or omissions; or
    - (5) Benefits included in your "employee benefit program".
  - b. The Aggregate Limit is the most we will pay for all damages because of acts, errors or omissions negligently committed in the "administration" of your "employee benefit program".
  - c. Subject to the Aggregate Limit, the Each Employee Limit is the most we will pay for all damages sustained by any one "employee", including damages sustained by such "employee's" dependents and beneficiaries, as a result of:
    - (1) An act, error or omission; or
    - (2) A series of related acts, errors or omissions negligently committed in the "administration" of your "employee benefit program".

However, the amount paid under this endorsement shall not exceed, and will be subject to, the limits and restrictions that apply to the payment of benefits in any plan included in the "employee benefit program".



The Limits of Insurance of this endorsement apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations of the policy to which this endorsement is attached, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits Of Insurance.

## **2. Deductible**

- a. Our obligation to pay damages on behalf of the insured applies only to the amount of damages in excess of the deductible amount stated in the Schedule as applicable to Each Employee. The limits of insurance shall not be reduced by the amount of this deductible.
- b. The deductible amount stated in the Schedule applies to all damages sustained by any one "employee", including such "employee's" dependents and beneficiaries, because of all acts, errors or omissions to which this insurance applies.
- c. The terms of this insurance, including those with respect to:
  - (1) Our right and duty to defend any "suits" seeking those damages; and
  - (2) Your duties, and the duties of any other involved insured, in the event of an act, error or omission, or "claim"apply irrespective of the application of the deductible amount.
- d. We may pay any part or all of the deductible amount to effect settlement of any "claim" or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as we have paid.

E. For the purposes of the coverage provided by this endorsement, Conditions **2.** and **4.** of **Section IV – Commercial General Liability Conditions** are replaced by the following:

### **2. Duties In The Event Of An Act, Error Or Omission, Or "Claim" Or "Suit"**

- a. You must see to it that we are notified as soon as practicable of an act, error or omission which may result in a "claim". To the extent possible, notice should include:
  - (1) What the act, error or omission was and when it occurred; and

- (2) The names and addresses of anyone who may suffer damages as a result of the act, error or omission.

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 an act, error or omission to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation or incur any expense without our consent.

#### 4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under this endorsement, our obligations are limited as follows:

##### a. Primary Insurance

This insurance is primary except when Paragraph **b.** below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in Paragraph **c.** below.

##### b. Excess Insurance

- (1) This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis that is effective prior to the beginning of the policy period shown in the Schedule of this insurance and that applies to an act, error or omission on other than a claims-made basis, if:

(a) No Retroactive Date is shown in the Schedule of this insurance; or

(b) The other insurance has a policy period which continues after the Retroactive Date shown in the Schedule of this insurance.

- (2) When this insurance is excess, we will have no duty to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

- (3) When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of the total amount that all such other insurance would pay for the loss in absence of this insurance; and the total of all deductible and self-insured amounts under all that other insurance.

- (4) We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Schedule of this endorsement.

##### c. Method Of Sharing

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

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

F. For the purposes of the coverage provided by this endorsement, the following Extended Reporting Period provisions are added, or, if this endorsement is attached to a claims-made Coverage Part, replaces any similar Section in that Coverage Part:

**EXTENDED REPORTING PERIOD**

1. You will have the right to purchase an Extended Reporting Period, as described below, if:
  - a. This endorsement is canceled or not renewed; or
  - b. We renew or replace this endorsement with insurance that:
    - (1) Has a Retroactive Date later than the date shown in the Schedule of this endorsement; or
    - (2) Does not apply to an act, error or omission on a claims-made basis.
2. The Extended Reporting Period does not extend the policy period or change the scope of coverage provided. It applies only to "claims" for acts, errors or omissions that were first committed before the end of the policy period but not before the Retroactive Date, if any, shown in the Schedule. Once in effect, the Extended Reporting Period may not be canceled.
3. An Extended Reporting Period of five years is available, but only by an endorsement and for an extra charge.

You must give us a written request for the endorsement within 60 days after the end of the policy period. The Extended Reporting Period will not go into effect unless you pay the additional premium promptly when due.

We will determine the additional premium in accordance with our rules and rates. In doing so, we may take into account the following:

- a. The "employee benefit programs" insured;
- b. Previous types and amounts of insurance;
- c. Limits of insurance available under this endorsement for future payment of damages; and
- d. Other related factors.

The additional premium will not exceed 100% of the annual premium for this endorsement.

The Extended Reporting Period endorsement applicable to this coverage shall set forth the terms, not inconsistent with this Section, applicable to the Extended Reporting Period, including a provision to the effect that the insurance afforded for "claims" first received during such period is excess over any other valid and collectible insurance available under policies in force after the Extended Reporting Period starts.

4. If the Extended Reporting Period is in effect, we will provide an extended reporting period aggregate limit of insurance described below, but only for claims first received and recorded during the Extended Reporting Period.

The extended reporting period aggregate limit of insurance will be equal to the dollar amount shown in the Schedule of this endorsement under Limits of Insurance.

Paragraph **D.1.b.** of this endorsement will be amended accordingly. The Each Employee Limit shown in the Schedule will then continue to apply as set forth in Paragraph **D.1.c.**

G. For the purposes of the coverage provided by this endorsement, the following definitions are added to the **Definitions** Section:

1. "Administration" means:
  - a. Providing information to "employees", including their dependents and beneficiaries, with respect to eligibility for or scope of "employee benefit programs";
  - b. Handling records in connection with the "employee benefit program"; or
  - c. Effecting, continuing or terminating any "employee's" participation in any benefit included in the "employee benefit program".

However, "administration" does not include handling payroll deductions.

2. "Cafeteria plans" means plans authorized by applicable law to allow employees to elect to pay for certain benefits with pre-tax dollars.
3. "Claim" means any demand, or "suit", made by an "employee" or an "employee's" dependents and beneficiaries, for damages as the result of an act, error or omission.

4. "Employee benefit program" means a program providing some or all of the following benefits to "employees", whether provided through a "cafeteria plan" or otherwise:
  - a. Group life insurance, group accident or health insurance, dental, vision and hearing plans, and flexible spending accounts, provided that no one other than an "employee" may subscribe to such benefits and such benefits are made generally available to those "employees" who satisfy the plan's eligibility requirements;
  - b. Profit sharing plans, employee savings plans, employee stock ownership plans, pension plans and stock subscription plans, provided that no one other than an "employee" may subscribe to such benefits and such benefits are made generally available to all "employees" who are eligible under the plan for such benefits;
  - c. Unemployment insurance, social security benefits, workers' compensation and disability benefits;
  - d. Vacation plans, including buy and sell programs; leave of absence programs, including military, maternity, family, and civil leave; tuition assistance plans; transportation and health club subsidies; and
    - e. Any other similar benefits designated in the Schedule or added thereto by endorsement.
- H. For the purposes of the coverage provided by this endorsement, Definitions 5. and 18. in the **Definitions** Section are replaced by the following:
  5. "Employee" means a person actively employed, formerly employed, on leave of absence or disabled, or retired. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
  18. "Suit" means a civil proceeding in which damages because of an act, error or omission 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.

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

**EXCLUSION – ACCESS OR DISCLOSURE OF  
CONFIDENTIAL OR PERSONAL INFORMATION AND  
DATA-RELATED LIABILITY – WITH  
LIMITED BODILY INJURY EXCEPTION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

**A. Exclusion 2.p. of Section I – Coverage A – Bodily Injury And Property Damage Liability** is replaced by the following:

**2. Exclusions**

This insurance does not apply to:

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

Damages arising out of:

- (1) Any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or
- (2) The loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

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

However, unless Paragraph (1) above applies, this exclusion does not apply to damages because of "bodily injury".

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

**B. The following is added to Paragraph 2. Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:**

**2. Exclusions**

This insurance does not apply to:

**Access Or Disclosure Of Confidential Or Personal Information**

"Personal and advertising injury" arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of any access to or disclosure of any person's or organization's confidential or personal information.

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

## **EXCLUSION – UNMANNED AIRCRAFT**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A. Exclusion 2.g. Aircraft, Auto Or Watercraft** under **Section I – Coverage A – Bodily Injury And Property Damage Liability** is replaced by the following:

### **2. Exclusions**

This insurance does not apply to:

#### **g. Aircraft, Auto Or Watercraft**

##### **(1) Unmanned Aircraft**

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft". Use includes operation and "loading or unloading".

This Paragraph **g.(1)** applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft".

##### **(2) Aircraft (Other Than Unmanned Aircraft), Auto Or Watercraft**

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

This Paragraph **g.(2)** applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft (other than "unmanned aircraft"), "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This Paragraph **g.(2)** does not apply to:

- (a)** A watercraft while ashore on premises you own or rent;
- (b)** A watercraft you do not own that is:
  - (i)** Less than 26 feet long; and
  - (ii)** Not being used to carry persons or property for a charge;
- (c)** Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (d)** Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(e) "Bodily injury" or "property damage" arising out of:

(i) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged; or

(ii) The operation of any of the machinery or equipment listed in Paragraph f.(2) or f.(3) of the definition of "mobile equipment".

B. The following exclusion is added to Paragraph 2. **Exclusions of Coverage B – Personal And Advertising Injury Liability:**

**2. Exclusions**

This insurance does not apply to:

**Unmanned Aircraft**

"Personal and advertising injury" arising out of the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft". Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the offense which caused the "personal and advertising injury" involved the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft".

This exclusion does not apply to:

a. The use of another's advertising idea in your "advertisement"; or

b. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

C. The following definition is added to the **Definitions** section:

"Unmanned aircraft" means an aircraft that is not:

1. Designed;

2. Manufactured; or

3. Modified after manufacture;

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

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

## **COMMUNICABLE DISEASE EXCLUSION**

This endorsement modifies insurance provided under the following:

### COMMERCIAL GENERAL LIABILITY COVERAGE PART

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

**2. Exclusions**

This insurance does not apply to:

**Communicable Disease**

"Bodily injury" or "property damage" arising out of the actual or alleged transmission of a communicable disease.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the:

- a. Supervising, hiring, employing, training or monitoring of others that may be infected with and spread a communicable disease;
- b. Testing for a communicable disease;
- c. Failure to prevent the spread of the disease; or
- d. Failure to report the disease to authorities.

**B. The following exclusion is added to Paragraph 2. Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:**

**2. Exclusions**

This insurance does not apply to:

**Communicable Disease**

"Personal and advertising injury" arising out of the actual or alleged transmission of a communicable disease.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the:

- a. Supervising, hiring, employing, training or monitoring of others that may be infected with and spread a communicable disease;
- b. Testing for a communicable disease;
- c. Failure to prevent the spread of the disease; or
- d. Failure to report the disease to authorities.



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

## **EMPLOYMENT-RELATED PRACTICES EXCLUSION**

This endorsement modifies insurance provided under the following:

### COMMERCIAL GENERAL LIABILITY COVERAGE PART

**A. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:**

This insurance does not apply to:

"Bodily injury" to:

- (1) A person arising out of any:
  - (a) Refusal to employ that person;
  - (b) Termination of that person's employment; or
  - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the injury-causing event described in Paragraphs (a), (b) or (c) above occurs before employment, during employment or after employment of that person;
- (2) Whether the insured may be liable as an employer or in any other capacity; and
- (3) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

**B. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:**

This insurance does not apply to:

"Personal and advertising injury" to:

- (1) A person arising out of any:
  - (a) Refusal to employ that person;
  - (b) Termination of that person's employment; or
  - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the injury-causing event described in Paragraphs (a), (b) or (c) above occurs before employment, during employment or after employment of that person;
- (2) Whether the insured may be liable as an employer or in any other capacity; and
- (3) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

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

## **EXCLUSION – LAW ENFORCEMENT ACTIVITIES**

This endorsement modifies insurance provided under the following:

### COMMERCIAL GENERAL LIABILITY COVERAGE PART

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

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of any act or omission resulting from law enforcement activities of your police department or any of your other law enforcement agencies, including their agents or "employees".

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

**EXCLUSION – DESCRIBED HAZARDS  
(CARNIVALS, CIRCUSES AND FAIRS)**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

With respect to the operations of any carnival, circus, or fair, this insurance does not apply to:

1. "Bodily injury" or "property damage" arising out of any mechanically operated amusement device; or
2. "Bodily injury" to any person while practicing for or participating in any sports or athletic contest or exhibition that you sponsor.

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

## **GOVERNMENTAL SUBDIVISIONS**

This endorsement modifies insurance provided under the following:

### COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A. Section II – Who Is An Insured** is amended to include as an insured any elective or appointive officer or a member of any board or commission or agency of yours while acting within the scope of their duties as such.
- B. Paragraph b.** of the definition of "mobile equipment" in the **Definitions** Section is replaced by the following:
  - 12.** "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:
    - b.** Vehicles maintained for use solely on or next to premises you own or rent. However, any land motor vehicle, trailer or semi-trailer designed for travel on public roads (including any machinery or apparatus that is attached) owned or leased by you shall be deemed an "auto" and not "mobile equipment" if the only reason for considering it "mobile equipment" is that it is maintained for use exclusively on streets or highways owned by you.



**ZURICH**

## Silica or Silica Mixed Dust Exclusion

Policy No.	Eff. Date of Pol.	Exp. Date of Pol.	Eff. Date of End.	Producer	Add'l. Prem	Return Premium
CPO-0632579-02	7/1/2021	7/1/2022	7/1/2021	56139000	N/A	N/A

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

This endorsement modifies insurance provided under the:

**Commercial General Liability Coverage Part  
Products-Completed Operations Liability Coverage Part**

The following additional exclusion is added to **2. Exclusions** of **Section I. Coverages**:

### **2. Exclusions**

This insurance does not apply to:

#### **Silica or Silica Mixed Dust**

- A. "Bodily injury", "property damage" or "personal and advertising injury" caused directly or indirectly, in whole or in part, by the actual, alleged or threatened inhalation, ingestion, absorption, exposure to, existence of or presence of "silica"; or
- B. Loss, costs or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any manner responding to or assessing the effects of "silica" by any insured or by any other person or entity.
- C. For the purposes of this exclusion, the following definition applies:  
"Silica" means:
  - (1) Any form of crystalline or non-crystalline (amorphous) silica, silica particles, silica compounds, silica dust or silica mixed or combined with dust or other particles; or
  - (2) Synthetic silica, including precipitated silica, silica gel, pyrogenic or fumed silica or silica-flour.



# Fungi Or Bacteria Exclusion Endorsement

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

Policy No. CPO-0632579-02

Effective Date: 7/1/2021

This endorsement modifies insurance provided under the:

## **Commercial General Liability Coverage Part**

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

### **2. Exclusions**

This insurance does not apply to:

#### **Fungi or Bacteria**

- A. "Bodily injury", "property damage" or "personal and advertising injury" caused directly or indirectly by the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any:
  - 1. "Fungi" or "bacteria"; or
  - 2. Substance, vapor or gas produced by or arising out of any "fungi" or "bacteria".
- B. Loss, costs 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.
- C. For the purposes of this exclusion, the following definitions are added:
  - 1. "Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, "spores", scents or by-products produced or released by fungi.
  - 2. "Spores" means reproductive bodies produced by or arising out of "fungi".
  - 3. "Bacteria" means any type or form of bacteria and any materials or substances that are produced or released by bacteria.

This exclusion applies to all diseases contracted by contact with "fungi" or "bacteria" in water, water vapor or water droplets, including but not limited to Legionnaire's Disease. This exclusion does not apply to any "bodily injury" or "property damage" caused by any "fungi" or "bacteria" that are, are on, or are contained in, any other edible good or edible product intended for human or animal consumption.

All other terms, conditions, provisions and exclusions of this policy remain the same.



## Abusive Act Liability Exclusion

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

Policy No. CPO-0632579-02

Effective Date: 7/1/2021

This endorsement modifies insurance provided under the:

**Commercial General Liability Coverage Part**

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

This insurance does not apply to:

**Abusive Acts**

- (1) "Bodily injury", "property damage" or "personal and advertising injury" arising directly or indirectly out of, or relating in any way to, an "abusive act"; or
- (2) Any loss, cost or expense arising directly or indirectly out of, or relating in any way to, an "abusive act".

- B.** Solely with respect to this endorsement:

"Abusive act" means any act or series of acts of actual or threatened abuse or molestation, including but not limited to verbal, physical, mental, emotional, psychological, financial, economic, cultural, identity or sexual abuse or molestation done to any person by any person or organization.

All other terms, conditions, provisions and exclusions of this policy remain the same.



**ABUSIVE ACT LIABILITY COVERAGE FORM  
DECLARATIONS**

Administrative Office  
1299 Zurich Way  
Schaumburg, IL 60196

Policy Number: **CPO-0632579-02**

Named Insured: **Big Sandy Water District**

Policy Period: Coverage begins 7/1/2021 at 12:01 A.M.  
Coverage ends 7/1/2022 at 12:01 A.M.

Producer Name: **Allied Public Risk, LLC**  
**4507 North Front Street, Suite 200** Producer Number: **56139000**  
**Harrisburg, PA 17110**

**Item 1.** Business Description: Special District

**Item 2.** Limits of Insurance  
Abusive Act Liability

Each Abusive Act Limit	<b>\$ 250,000</b>
Aggregate Limit	<b>\$ 500,000</b>
Each Abusive Act Retention	<b>\$ 0</b>
Special Supplementary Payment Limit	<b>\$ 0</b>

**Item 3.** Form of business and Location of Premises  
Form of business: Special District  
Location of All Premises You Own, Rent or Occupy: **See Schedule of Locations**

**Item 4.** Form(s) and Endorsement(s) made a part of this Policy at time of issue:  
**See Schedule of Forms and Endorsements**

**Item 5.** Premiums

Abusive Act Liability Coverage Part Premium:	<b>\$ Included</b>
Other Premium:	<b>\$ 0</b>
Total Premium:	<b>\$ Included</b>





**ZURICH**

# Abusive Act Liability Coverage Form

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

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

The word "insured" means any person or organization qualifying as such under Section II – Who Is An Insured.

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

## SECTION I – COVERAGES

### ABUSIVE ACT LIABILITY

#### 1. Insuring Agreement

- a. We will pay "loss" because of "injury" resulting from an "abusive act" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" for "loss" resulting from the "abusive act". However, we will have no duty to defend the insured against any "suit" for "loss" to which this insurance does not apply. We may, at our discretion, investigate and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for "loss" is limited as described in Section III – Limits Of Insurance; and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of "loss".

No other obligation or liability to pay "losses" or perform acts and services or pay any other amounts is covered unless explicitly provided for under Supplementary Payments or Special Supplementary Payments.

- b. This insurance applies only if:

- (1) The "injury" caused by an "abusive act" begins during a "policy year" within the "policy period"; and
- (2) The "abusive act" that causes the "injury" begins during the same "policy year".

- c. "Injury" caused by an "abusive act" which begins during any "policy year" includes any continuation, change or resumption of that "injury" from the same "abusive act" after the end of that "policy year." Only the Limits of Insurance of the "policy year" in which the "abusive act" begins will apply to all such "loss" because of "injury" occurring during and subsequent to that "policy year".
- d. "Loss" because of "injury" includes "loss" claimed by any person or organization for care, loss of services, or death resulting at any time from the "injury".

#### 2. Exclusions

This insurance does not apply to:

- a. "Injury" for which the insured is obligated to pay "loss" by reason of the assumption of liability under any contract or agreement, except and then only to the extent that the insured would have been liable in the absence of such contract or agreement;
- b. Any claim made or "suit" brought by you or on your behalf or in the name or right of any insured, provided, however, this exclusion will not apply to any claim made or "suit" brought by a "volunteer";
- c. Any claim or "suit" based upon, arising out of or attributable, in whole or in part, to any "abusive act" that was alleged in or formed the basis of any litigation or claim that was pending at any time prior to the effective date of this Coverage Part;

- d. Any claim or "suit" based upon, arising out of or attributable, in whole or in part, to any "abusive act" of which any insured, other than any insured actually committing the "abusive act", has knowledge prior to the effective date of this Coverage Part;
- e. Any obligation of the insured under a workers compensation, disability benefits or unemployment compensation law or similar law;
- f. Any "abusive act" committed by an "employee" or "volunteer" with a prior criminal conviction for an "abusive act";
- g. Any person who actually or allegedly participated in, directed or knowingly allowed any "abusive act".

### 3. Supplementary Payments

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. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
- c. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
- d. All costs taxed against the insured in the "suit".
- e. 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.
- f. 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.

### 4. Special Supplementary Payments

In addition to payments noted in **Supplementary Payments** above, we will reimburse you, only with respect to any claim or "suit" for an "abusive act" to which this insurance applies, for the following expenses you incur:

- a. Your reasonable expenses incurred in conducting an internal investigation of or counseling relating to allegations of an "abusive act"; and
- b. Your reasonable expenses in retaining the services of a media consultant or public relations professional in response to allegations of an "abusive act".

These reimbursements will not reduce the Limits of Insurance. However, the most we will reimburse you for the sum of all such expenses, regardless of the number of "abusive acts", claimants, claims, "suits" or insureds, is the Special Supplementary Payment Limit shown in the Abusive Act Liability Coverage Form Declarations. We have no obligation to arrange for any of these services or pay any of the service providers on your behalf.

## SECTION II – WHO IS AN INSURED

Each of the following is an insured:

1. You, but only with respect to the conduct of your business described in the Abusive Act Liability Coverage Form Declarations;
2. Your "employees", directors, officers, trustees, clergy, wardens, deacons, elders, teachers, members of the vestry, members of the board of trustees, members of standing committees, members of the board of governors or members of the board of education, but only while any of these persons is performing duties in the conduct of your business described in the Abusive Act Liability Coverage Form Declarations; and
3. Any "volunteer", but only while performing, with your consent, duties in the conduct of your business described in the Abusive Act Liability Coverage Form Declarations.

## SECTION III – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Abusive Act Liability Coverage Form Declarations and the rules below fix the most we will pay regardless of the number of:
  - a. Insureds;
  - b. Actual, alleged or threatened "abusive acts";
  - c. Claims made or "suits" brought; or
  - d. Persons or organizations making claims or bringing "suits".
2. The Aggregate Limit is the most we will pay for the sum of all "loss" covered under this Coverage Part with respect to any one "policy year."
3. Subject to 2. above, the Each Abusive Act Limit is the most we will pay for the sum of all "loss" because of "injury" from any one "abusive act". If any "abusive act" or "injury" resulting from that "abusive act" occurs in more than one policy or "policy year" that we have issued to you, we will pay the "loss" arising from such "abusive act" from the limits of insurance of just the one "policy year" in which the "abusive act" began. Should you not be able to determine exactly which "policy year" was in effect when the "abusive act" began, you can designate the "policy year" that you reasonably believe was in effect at the beginning of the "abusive act" "loss". We will pay all such "loss" from only the limits of insurance of that designated "policy year".

We will only pay "loss" in excess of the Each Abusive Act Retention shown in the Abusive Act Liability Coverage Form Declarations.

## SECTION IV – 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. However, this provision shall not affect our ability to invoke any applicable statute of limitations, statute of repose or similar statute, common law principle or court rule on behalf of the insured.

### 2. Duties In The Event of Abusive Act, Claim or Suit.

- a. You will, as a condition precedent to your rights under this Coverage Part, give to us notice in writing of any "abusive act" or "injury" which may result in a claim or "suit". To the extent possible, notice should include:
  - (1) How, when and where the "abusive act" took place;
  - (2) The names and addresses of any injured persons and any witnesses; and
  - (3) The nature and description of any "injury" arising out of the "abusive act".

- b. If a claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (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 will, as a condition precedent to your rights under this Coverage Part:

- (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" 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 expenses, without our consent.

### **3. Legal Action Against Us**

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

- a. To join us as a party or otherwise bring us into a claim or "suit" seeking "loss" 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 any amount that is not payable under the terms of this Coverage Part or that is in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

### **4. Other Insurance**

If other valid and collectible insurance is available to the insured for a "loss" covered under this Coverage Part, our obligations are limited as follows:

#### **a. Primary Insurance**

This insurance is primary when no other valid and collectible insurance is available to the insured for a "loss" we cover under this insurance.

#### **b. Excess Insurance**

Subject to c. below, if other valid and collectible insurance is available to the insured for a "loss" we cover under this insurance, this insurance is excess over that insurance. When this insurance is excess, we will have no duty to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers. We will pay only our share of the amount of "loss", if any, that exceeds the total amount that all such other insurance would pay for the "loss" in the absence of this insurance.

At our request, you will provide us with detailed information regarding all other insurance policies that have been issued to you as well as all other policies under which you could potentially seek coverage if you chose to do so. Also, at our request, you will tender any claim or "suit" that we designate to any insurer(s) that we designate, and cooperate with us in seeking coverage (including contribution and/or indemnification of any amounts that we pay under this policy) for such claim or "suit" from such insurer(s).

#### **c. Non-Cumulation Of Insurance**

In no event may the Limit of Insurance available under this policy be combined in any manner with the limits of insurance of any other insurance written by us or any of our affiliates.

These provisions do not apply to policies expressly written to be excess of this policy.

### **5. Representations**

By accepting this policy, you agree the statements contained in the application and any documents or information submitted with it are true, accurate and complete, and that we have issued this Coverage Part in reliance upon those statements.

### **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 the right 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 the "loss" to impair them. At our request, the insured will bring litigation or other proceedings, or transfer those rights to us and help us to enforce them.

## 8. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to you written notice of the non-renewal no 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. "Abusive act" means any act or series of acts of actual or threatened abuse or molestation done to any person, resulting in "injury" to that person, including any act or series of acts of actual or threatened sexual abuse or molestation done to any person, resulting in "injury" to that person, by anyone who causes or attempts to cause the person to engage in a sexual act:
  - a. Without the consent of or by threatening the person, placing the person in fear or asserting undue influence over the person;
  - b. If that person is incapable of appraising the nature of the conduct or is physically incapable of declining participation in or communicating unwillingness to engage in the sexual act; or
  - c. By engaging in or attempting to engage in lewd exposure of the body done with intent to arouse or to satisfy the sexual desire of any person.

All interrelated or continuous "abusive acts" committed by one person or persons acting in concert, shall be deemed to be one "abusive act".

2. "Employee" means a person employed by the insured for compensation and includes a "leased worker". "Employee" does not include a "temporary worker".
3. "Injury" means physical injury, sickness, disease, mental anguish, mental injury, shock or fright or death of the person(s) who is the subject of an "abusive act".
4. "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".
5. "Loss" means those sums that the insured is legally obligated to pay as damages, provided, however, that "loss" will not include:
  - a. Taxes, fines or penalties;
  - b. Any damages awarded for punitive or exemplary purposes or any damages for which the amount is determined by the application of a multiplier, where such amounts are not insurable under applicable law; or
  - c. Any other sums that are uninsurable under the applicable law.

All claims or "suits" based upon or arising out of or in any way involving the same or related "abusive act" or the same or related series of "abusive acts", shall be deemed to be a single "loss".

6. "Policy period" means the period of time from the effective date to the expiration date shown in the Abusive Acts Liability Coverage Form Declarations or to any earlier date of termination.
7. "Policy year" means the period of one year following the effective date of this policy or any anniversary thereof or, if the time between the effective date or any anniversary thereof and the termination of the "policy period" is less than one year, such lesser period.
8. "Suit" means a civil proceeding in which damages because of "injury" to which this insurance applies are alleged. "Suit" includes:
  - a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
  - b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.
9. "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.

10. "Volunteer" 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.

# General Liability Supplemental Coverage Endorsement



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

Policy No. CPO-0632579-02

Effective Date: 7/1/2021

This endorsement modifies insurance provided under the:

## **Commercial General Liability Coverage Part**

The following changes apply to this Coverage Part. However, endorsements attached to this Coverage Part will supersede any provisions to the contrary in this General Liability Supplemental Coverage Endorsement.

### **A. Broadened Named Insured**

**1. The following is added to Section II – Who Is An Insured:**

Any organization of yours, other than a partnership or joint venture, which is not shown in the Declarations, and over which you maintain an ownership interest of more than 50% of such organization as of the effective date of this Coverage Part, will qualify as a Named Insured. However, such organization will not qualify as a Named Insured under this provision if it:

- a. Is newly acquired or formed during the policy period;
- b. Is also an insured under another policy, other than a policy written to apply specifically in excess of this Coverage Part; or
- c. Would be an insured under another policy but for its termination or the exhaustion of its limits of insurance.

Each such organization remains qualified as a Named Insured only while you maintain an ownership interest of more than 50% in the organization during the policy period.

**2. The last paragraph of Section II – Who Is An Insured does not apply to this provision to the extent that such paragraph would conflict with this provision.**

### **B. Newly Acquired or Formed Organizations as Named Insureds**

**1. Paragraph 3. of Section II – Who Is An Insured is replaced by the following:**

**3. Any organization you newly acquire or form during the policy period, other than a partnership or joint venture, and over which you maintain an ownership interest of more than 50% of such organization, 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 180<sup>th</sup> 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.

An additional premium will apply in accordance with our rules and rates in effect on the date you acquired or formed the organization.

2. The last paragraph of Section II – **Who Is An Insured** does not apply to this provision to the extent that such paragraph would conflict with this provision.

### C. Insured Status – Employees

Paragraph 2.a.(1) of Section II – **Who Is An Insured** is replaced by the following:

2. Each of the following is also an insured:

- a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:

(1) "Bodily injury" or "personal and advertising injury":

- (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
- (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1)(a) above;
- (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1)(a) or (b) above; or
- (d) Arising out of his or her providing or failing to provide professional health care services.

However:

Paragraphs (1)(a) and (1)(d) do not apply to your "employees" or "volunteer workers", who are not employed by you or volunteering for you as health care professionals, for "bodily injury" arising out of "Good Samaritan Acts" while the "employee" or "volunteer worker" is performing duties related to the conduct of your business.

"Good Samaritan Acts" mean any assistance of a medical nature rendered or provided in an emergency situation for which no remuneration is demanded or received.

Paragraphs (1)(a), (b) and (c) do not apply to any "employee" designated as a supervisor or higher in rank, with respect to "bodily injury" to co-"employees". As used in this provision, "employees" designated as a supervisor or higher in rank means only "employees" who are authorized by you to exercise direct or indirect supervision or control over "employees" or "volunteer workers" and the manner in which work is performed.

### D. Additional Insureds – Lessees of Premises

1. Section II – **Who Is An Insured** is amended to include as an additional insured any person(s) or organization(s) who leases or rents a part of the premises you own or manage who you are required to add as an additional insured on this policy under a written contract or written agreement, but only with respect to liability arising out of your ownership, maintenance or repair of that part of the premises which is not reserved for the exclusive use or occupancy of such person or organization or any other tenant or lessee.

This provision does not apply after the person or organization ceases to lease or rent premises from you.

However, the insurance afforded to such additional insured:

- a. Only applies to the extent permitted by law; and
  - b. Will not be broader than that which you are required by the written contract or written agreement to provide for such additional insured.
2. With respect to the insurance afforded to the additional insureds under this endorsement, the following is added to Section III – **Limits Of Insurance**:

The most we will pay on behalf of the additional insured is the amount of insurance:



- a. Required by the written contract or written agreement referenced in Subparagraph **D.1.** above (of this endorsement); or
- b. Available under the applicable Limits of Insurance shown in the Declarations, whichever is less.

This Paragraph **D.** shall not increase the applicable Limits of Insurance shown in the Declarations.

#### **E. Additional Insured – Vendors**

1. The following change applies if this Coverage Part provides insurance to you for "bodily injury" and "property damage" included in the "products-completed operations hazard":

Section **II – Who Is An Insured** is amended to include as an additional insured any person or organization (referred to throughout this Paragraph **E.** as vendor) who you have agreed in a written contract or written agreement, prior to loss, to name as an additional insured, but only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business:

However, the insurance afforded to such vendor:

- a. Only applies to the extent permitted by law; and
  - b. Will not be broader than that which you are required by the written contract or written agreement to provide for such vendor.
2. With respect to the insurance afforded to these vendors, the following additional exclusions apply:
    - a. The insurance afforded the vendor does not apply to:
      - (1) "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;
      - (2) Any express warranty unauthorized by you;
      - (3) Any physical or chemical change in the product made intentionally by the vendor;
      - (4) Repackaging, except when unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;
      - (5) Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;
      - (6) Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;
      - (7) Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor; or
      - (8) "Bodily injury" or "property damage" arising out of the sole negligence of the vendor for its own acts or omissions or those of its employees or anyone else acting on its behalf. However, this exclusion does not apply to:
        - (a) The exceptions contained in Subparagraphs (4) or (6); or
        - (b) Such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products.
    - b. This insurance does not apply to any insured person or organization, from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.
    - c. This insurance does not apply to any of "your products" for which coverage is excluded under this Coverage Part.

3. With respect to the insurance afforded to the vendor under this endorsement, the following is added to Section III – **Limits Of Insurance**:

The most we will pay on behalf of the vendor is the amount of insurance:

- a. Required by the written contract or written agreement referenced in Subparagraph E.1. above (of this endorsement); or
- b. Available under the applicable Limits of Insurance shown in the Declarations, whichever is less.

This Paragraph E. shall not increase the applicable Limits of Insurance shown in the Declarations.

**F. Additional Insured – Managers, Lessors or Governmental Entity**

1. Section II – **Who Is An Insured** is amended to include as an insured any person or organization who is a manager, lessor or governmental entity who you are required to add as an additional insured on this policy under a written contract, written agreement or permit, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

- a. Your acts or omissions; or
- b. The acts or omission of those acting on your behalf; and resulting directly from:
  - a. Operations performed by you or on your behalf for which the state or political subdivision has issued a permit;
  - b. Ownership, maintenance, occupancy or use of premises by you; or
  - c. Maintenance, operation or use by you of equipment leased to you by such person or organization.

However, the insurance afforded to such additional insured:

- a. Only applies to the extent permitted by law; and
- b. Will not be broader than that which you are required by the written contract or written agreement to provide for such additional insured.

2. This provision does not apply:

- a. Unless the written contract or written agreement has been executed, or the permit has been issued, prior to the "bodily injury", "property damage" or offense that caused "personal and advertising injury";
- b. To any person or organization included as an insured under Paragraph 3. of Section II – **Who Is An Insured**;
- c. To any lessor of equipment if the "occurrence" or offense takes place after the equipment lease expires;
- d. To any:
  - (1) Owners or other interests from whom land has been leased by you; or
  - (2) Managers or lessors of premises, if:
    - (a) The "occurrence" or offense takes place after the expiration of the lease or you cease to be a tenant in that premises;
    - (b) The "bodily injury", "property damage" or "personal and advertising injury" arises out of the structural alterations, new construction or demolition operations performed by or on behalf of the manager or lessor; or
    - (c) The premises are excluded under this Coverage Part.

3. With respect to the insurance afforded to the additional insureds under this endorsement, the following is added to Section III – **Limits Of Insurance**:

The most we will pay on behalf of the additional insured is the amount of insurance:

- a. Required by the written contract or written agreement referenced in Subparagraph F.1. above (of this endorsement); or

- b. Available under the applicable Limits of Insurance shown in the Declarations, whichever is less.

This Paragraph **F.** shall not increase the applicable Limits of Insurance shown in the Declarations.

#### **G. Damage to Premises Rented or Occupied by You**

- 1. The last paragraph under Paragraph **2. Exclusions** of Section **I – Coverage A – Bodily Injury And Property Damage Liability** is replaced by the following:

Exclusions **c.** through **n.** do not apply to damage by "specific perils" to premises while rented to you or temporarily occupied by you with permission of the owner. A separate Damage To Premises Rented To You Limit of Insurance applies to this coverage as described in Section **III – Limits Of Insurance.**

- 2. Paragraph **6.** of Section **III – Limits Of Insurance** is replaced by the following:

- 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 one or more "specific perils" to any one premises, while rented to you or temporarily occupied by you with permission of the owner.

#### **H. Broadened Contractual Liability**

The "insured contract" definition under the **Definitions** Section is replaced by the following:

"Insured contract" means:

- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by "specific perils" to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
- b. A sidetrack agreement;
- c. Any easement or license agreement;
- d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e. An elevator maintenance agreement;
- f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury", "property damage", or "personal and advertising injury" arising out of the offenses of false arrest, detention or imprisonment, to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph **f.** does not include that part of any contract or agreement:

- (1) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
  - (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
  - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (2) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in Paragraph (1) above and supervisory, inspection, architectural or engineering activities.

#### **I. Definition – Specific Perils**

The following definition is added to the **Definitions** Section:

"Specific perils" means:

- a. Fire;
- b. Lightning;

- c. Explosion;
- d. Windstorm or hail;
- e. Smoke;
- f. Aircraft or vehicles;
- g. Vandalism;
- h. Weight of snow, ice or sleet;
- i. Leakage from fire extinguishing equipment, including sprinklers; or
- j. Accidental discharge or leakage of water or steam from any part of a system or appliance containing water or steam.

**J. Limited Contractual Liability Coverage – Personal and Advertising Injury**

1. Exclusion e. of Section I – **Coverage B – Personal And Advertising Injury Liability** is replaced by the following:

**2. Exclusions**

This insurance does not apply to:

**e. Contractual Liability**

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement.

This exclusion does not apply to:

- (1) Liability for damages that the insured would have in the absence of the contract or agreement; or
- (2) Liability for "personal and advertising injury" if:
  - (a) The "personal and advertising injury" arises out of the offenses of false arrest, detention or imprisonment;
  - (b) The liability pertains to your business and is assumed in a written contract or written agreement in which you assume the tort liability of another. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement; and
  - (c) The "personal and advertising injury" occurs subsequent to the execution of the written contract or written agreement.

Solely for purposes of liability so assumed in such written contract or written agreement, reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "personal and advertising injury" described in Paragraph (a) above, provided:

- (i) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same written contract or written agreement; and
- (ii) 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.

2. Paragraph 2.d. of Section I – **Supplementary Payments – Coverages A and B** is replaced by the following:

- d. The allegations in the "suit" and the information we know about the "occurrence" or offense are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;

3. The following is added to the paragraph directly following Paragraph 2.f. of Section I – **Supplementary Payments – Coverages A and B**:

Notwithstanding the provisions of Paragraph 2.e.(2) of Section I – **Coverage B – Personal And Advertising Injury Liability**, such payments will not be deemed to be damages for "personal and advertising injury" and will not reduce the limits of insurance.

## K. Supplementary Payments

The following changes apply to **Supplementary Payments – Coverages A and B**:

Paragraphs **1.b.** and **1.d.** are replaced by the following:

- b. Up to \$2,500 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.
- 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.

## L. Broadened Property Damage

### 1. Property Damage to Contents of Premises Rented Short-Term

The paragraph directly following Paragraph **(6)** in Exclusion j. of Section **I – Coverage A – Bodily Injury And Property Damage Liability** is replaced by the following:

Paragraphs **(1)**, **(3)** and **(4)** of this exclusion do not apply to "property damage" to premises (other than damage by "specific perils"), including "property damage" to the contents of such premises, rented to you under a rental agreement for a period of 14 or fewer consecutive days. A separate Limit of Insurance applies to Damage to Premises Rented to You as described in Section **III – Limits Of Insurance**.

### 2. Elevator Property Damage

- a. The following is added to Exclusion j. of Section **I – Coverage A – Bodily Injury And Property Damage Liability**:

Paragraphs **(3)** and **(4)** of this exclusion do not apply to "property damage" arising out of the use of an elevator at premises you own, rent or occupy.

- b. The following is added to Section **III – Limits Of Insurance**:

Subject to Paragraph **5.** above, the most we will pay under Coverage **A** for damages because of "property damage" to property loaned to you or personal property in the care, custody or control of the insured arising out of the use of an elevator at premises you own, rent or occupy is \$25,000 per "occurrence".

### 3. Property Damage to Borrowed Equipment

- a. The following is added to Exclusion j. of Section **I – Coverage A – Bodily Injury And Property Damage Liability**:

Paragraph **(4)** of this exclusion does not apply to "property damage" to equipment you borrow from others at a jobsite.

- b. The following is added to Section **III – Limits Of Insurance**:

Subject to Paragraph **5.** above, the most we will pay under Coverage **A** for damages because of "property damage" to equipment you borrow from others is \$25,000 per "occurrence".

## M. Expected or Intended Injury or Damage

Exclusion **a.** of Section **I – Coverage A – Bodily Injury And Property Damage Liability** is replaced by the following:

### a. Expected Or Intended Injury Or Damage

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

## N. Definitions – Bodily Injury

The "bodily injury" definition under the **Definitions** Section is replaced by the following:

"Bodily injury" means bodily injury, sickness or disease sustained by a person, including mental anguish, mental injury, shock, fright or death sustained by that person which results from that bodily injury, sickness or disease.

## O. Insured Status – Amateur Athletic Participants

Section II – **Who Is An Insured** is amended to include as an insured any person you sponsor while participating in amateur athletic activities. However, no such person is an insured for:

- a. "Bodily injury" to:
  - (1) Your "employee", "volunteer worker" or any person you sponsor while participating in such amateur athletic activities; or
  - (2) You, any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company) while participating in such amateur athletic activities; or
- b. "Property damage" to property owned by, occupied or used by, rented to, in the care, custody or control of, or over which the physical control is being exercised for any purpose by:
  - (1) Your "employee", "volunteer worker" or any person you sponsor; or
  - (2) You, any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

## P. Non-Owned Aircraft, Auto and Watercraft

Exclusion g. of Section I – **Coverage A – Bodily Injury And Property Damage Liability** is replaced by the following:

### g. Aircraft, Auto Or Watercraft

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

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

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
  - (a) Less than 51 feet long; and
  - (b) Not being used to carry persons for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft;
- (5) An aircraft that is hired or chartered by you or loaned to you, with a paid and licensed crew, and is not owned in whole or in part by an 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 where it is licensed or principally garaged; or
  - (b) The operation of any of the machinery or equipment listed in Paragraph f.(2) or f.(3) of the definition of "mobile equipment".

## Q. Definitions – Leased Worker, Temporary Worker and Labor Leasing Firm

1. The "leased worker" and "temporary worker" definitions under the **Definitions** Section are replaced by the following:

"Leased worker" means a person leased to you by a "labor leasing firm" under a written 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".

"Temporary worker" means a person who is furnished to you to support or supplement your work force during "employee" absences, temporary skill shortages, upturns or downturns in business or to meet seasonal or short-term workload conditions. "Temporary worker" does not include a "leased worker".

2. The following definition is added to the **Definitions** Section:

"Labor leasing firm" means any person or organization who hires out workers to others, including any:

- a. Employment agency, contractor or services;
- b. Professional employer organization; or
- c. Temporary help service.

**R. Definition – Mobile Equipment**

Paragraph **f.** of the "mobile equipment" definition under the **Definitions** Section is replaced by the following:

- 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, exceeding a combined gross vehicle weight of 1000 pounds, 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.

**S. Definitions – Your Product and Your Work**

The "your product" and "your work" definitions under the **Definitions** Section are replaced by the following:

"Your product":

- a. Means:
  - (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
    - (a) You;
    - (b) Others trading under your name; or
    - (c) A person or organization whose business or assets you have acquired; and
  - (2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.
- b. Includes:
  - (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance, use, handling, maintenance, operation or safety of "your product"; and
  - (2) The providing of or failure to provide warnings or instructions.
- c. Does not include vending machines or other property rented to or located for the use of others but not sold.

"Your work":

a. Means:

- (1) Work, services or operations performed by you or on your behalf; and
- (2) Materials, parts or equipment furnished in connection with such work, services or operations.

b. Includes:

- (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance, use, handling, maintenance, operation or safety of "your work"; and
- (2) The providing of or failure to provide warnings or instructions.

#### **T. Duties in the Event of Occurrence, Offense, Claim or Suit Condition**

The following paragraphs are added to Paragraph **2. Duties In The Event Of Occurrence, Offense, Claim Or Suit** of Section **IV – Commercial General Liability Conditions**:

Notice of an "occurrence" or of an offense which may result in a claim under this insurance or notice of a claim or "suit" shall be given to us as soon as practicable after knowledge of the "occurrence", offense, claim or "suit" has been reported to any insured listed under Paragraph **1.** of Section **II – Who Is An Insured** or an "employee" authorized by you to give or receive such notice. Knowledge by other "employees" of an "occurrence", offense, claim or "suit" does not imply that you also have such knowledge.

In the event that an insured reports an "occurrence" to the workers compensation carrier of the Named Insured and this "occurrence" later develops into a General Liability claim, covered by this Coverage Part, the insured's failure to report such "occurrence" to us at the time of the "occurrence" shall not be deemed to be a violation of this Condition. You must, however, give us notice as soon as practicable after being made aware that the particular claim is a General Liability rather than a Workers Compensation claim.

#### **U. Other Insurance Condition**

Paragraphs **4.a.** and **4.b.(1)** of the Other Insurance Condition of Section **IV – Commercial General Liability Conditions** are replaced by the following:

##### **4. Other Insurance**

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages **A** or **B** of this Coverage Part, our obligations are limited as follows:

##### **a. Primary Insurance**

This insurance is primary except when Paragraph **b.** below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in Paragraph **c.** below. However, this insurance is primary to and will not seek contribution from any other insurance available to an additional insured provided that:

- (1) The additional insured is a Named Insured under such other insurance; and
- (2) You are required by written contract or written agreement that this insurance be primary and not seek contribution from any other insurance available to the additional insured.

Other insurance includes any type of self insurance or other mechanism by which an insured arranges for funding of its legal liabilities.

##### **b. Excess Insurance**

(1) This insurance is excess over:

(a) Any of the other insurance, whether primary, excess, contingent or on any other basis:

- (i) That is property insurance, Builder's Risk, Installation Risk or similar coverage for "your work";
- (ii) That is property insurance purchased by you (including any deductible or self insurance portion thereof) to cover premises rented to you or temporarily occupied by you with permission of the owner;



- (iii) That is insurance purchased by you (including any deductible or self insurance portion thereof) 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;
- (iv) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion **g.** of Section **I – Coverage A – Bodily Injury And Property Damage Liability**; or
- (v) That is property insurance (including any deductible or self insurance portion thereof) purchased by you to cover damage to:
  - Equipment you borrow from others; or
  - Property loaned to you or personal property in the care, custody or control of the insured arising out of the use of an elevator at premises you own, rent or occupy.
- (b) Any other primary insurance (including any deductible or self insurance portion thereof) available to the insured covering liability for damages arising out of the premises, operations, products, work or services for which the insured has been granted additional insured status either by policy provision or attachment of any endorsement. Other primary insurance includes any type of self insurance or other mechanism by which an insured arranges for funding of its legal liabilities.
- (c) Any of the other insurance, whether primary, excess, contingent or on any other basis, available to an additional insured, in which the additional insured on our policy is also covered as an additional insured on another policy providing coverage for the same "occurrence", claim or "suit". This provision does not apply to any policy in which the additional insured is a Named Insured on such other policy and where our policy is required by written contract or written agreement to provide coverage to the additional insured on a primary and non-contributory basis.

#### **V. Unintentional Failure to Disclose All Hazards**

Paragraph **6. Representations** of Section **IV – Commercial General Liability Conditions** is replaced by the following:

##### **6. Representations**

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

Coverage will continue to apply if you unintentionally:

- a. Fail to disclose all hazards existing at the inception of this policy; or
- b. Make an error, omission or improper description of premises or other statement of information stated in this policy.

You must notify us as soon as possible after the discovery of any hazards or any other information that was not provided to us prior to inception of this Coverage Part.

#### **W. Waiver of Right of Subrogation**

Paragraph **8. Transfer Of Rights Of Recovery Against Others To Us** of Section **IV – Commercial General Liability Conditions** is replaced by the following:

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

- a. 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.
- b. If the insured waives its right to recover payments for injury or damage from another person or organization in a written contract executed prior to a loss, we waive any right of recovery we may have against such person or organization because of any payment we have made under this Coverage Part. The written contract will

be considered executed when the insured's performance begins, or when it is signed, whichever happens first. This waiver of rights shall not be construed to be a waiver with respect to any other operations in which the insured has no contractual interest.

**X. Liberalization Condition**

The following condition is added to Section **IV – Commercial General Liability Conditions**:

**Liberalization Clause**

If we revise this Coverage Part to broaden coverage without an additional premium charge, your policy will automatically provide the additional coverage as of the day the revision is effective in the state shown in the mailing address of your policy.

All other terms, conditions, provisions and exclusions of this policy remain the same.



# Recording And Distribution Of Material Or Information In Violation Of Law Exclusion **ZURICH**

Policy No.	Eff. Date of Pol.	Exp. Date of Pol.	Eff. Date of End.	Producer No.	Add'l. Prem	Return Prem.
CPO-0632579-02	7/1/2021	7/1/2022	7/1/2021	56139000	N/A	N/A

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

This endorsement modifies insurance provided under the:

**Commercial General Liability Coverage Part**

**A. Exclusion q. Recording And Distribution Of Material Or Information In Violation Of Law** of Paragraph 2. **Exclusions** of Section I – Coverage A – Bodily Injury And Property Damage Liability is replaced by the following:

**2. Exclusions**

This insurance does not apply to:

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

"Bodily injury" or "property damage" directly or indirectly arising out of or based upon any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or
- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, or any other legal liability, at common law or otherwise, that addresses, prohibits, or limits the printing, dissemination, disposal, monitoring, collecting, recording, use of, sending, transmitting, communicating or distribution of material or information.

**B. Exclusion p. Recording And Distribution Of Material Or Information In Violation Of Law** of Paragraph 2. **Exclusions** of Section I – Coverage B – Personal And Advertising Injury Liability is replaced by the following:

**2. Exclusions**

This insurance does not apply to:

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

"Personal and advertising injury" directly or indirectly arising out of or based upon any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or

- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, or any other legal liability, at common law or otherwise, that addresses, prohibits, or limits the printing, dissemination, disposal, monitoring, collecting, recording, use of, sending, transmitting, communicating or distribution of material or information.

All other terms and conditions of this policy remain unchanged.



# Additional Insured – Municipality

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

Policy No. CPO-0632579-02

Effective Date: 7/1/2021

This endorsement modifies insurance provided under the:

## **Commercial General Liability Coverage Part**

- A. Section II – Who Is An Insured** is amended to include the following as an insured, except with respect to any of those employed by, volunteering for or associated in any way with any authority, board, commission, district or other governmental unit, operation or activity that is not covered under this Coverage Part:

### **Agencies, Boards, Commissions, or Other Similar Units of the Named Insured**

A governmental agency, authority, subdivision, department, municipal body, board, commission or other similar unit that is operated by you, or subject to your oversight, control, or direction, and operated with funds administered by you and allotted to such agency, authority, subdivision, department, municipal body, board, commission, or other similar unit.

### **Directors and Executive Officers**

An individual while appointed as a director or executive officer, but only with respect to their duties as your officer or director and while acting within the course and scope of authority allocated by their position as your executive officers or directors.

### **Elected or Appointed Officials**

An elected or appointed official of any board, commission or agency of yours, but only with respect to their duties and while acting within the course and scope of authority allocated by their position as such elected or appointed official of that board, commission or agency.

### **Mutual Assistance Agreements**

Any person or organization providing service to an insured under a mutual assistance pact, joint powers agreement or similar arrangement, but only with respect to the conduct and scope of the mutual assistance agreement and only to the extent that they would otherwise be provided coverage under this Coverage Part.

### **Commandeered Mobile Equipment**

The owner of commandeered "mobile equipment", but only while such "mobile equipment" is in your temporary care, custody or control, and only while it is being used as part of an "emergency response operation".

### **Trustees**

A trustee, but only as respects their duties as your trustee.

- B.** Solely with respect to this endorsement, the following definition is added to the **Definitions** Section:

"Emergency response operation" means all operations conducted by your firefighting, emergency medical services or rescue squad units which are sanctioned by you.

All other terms, conditions, provisions and exclusions of this policy remain the same.



# Employer's Liability Exclusion Amendment

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

Policy No. CPO-0632579-02

Effective Date: 7/1/2021

This endorsement modifies insurance provided under the:

**Commercial General Liability Coverage Part**

Exclusion **e. Employer's Liability** of Section I – Coverage A – Bodily Injury And Property Damage Liability is replaced by the following:

This insurance does not apply to:

**e. Employer's Liability**

"Bodily injury" to:

**(1)** An "employee" or "volunteer worker" of the insured arising out of and in the course of:

**(a)** Employment by the insured; or

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

**(2)** The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph **(1)** above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

All other terms, conditions, provisions and exclusions of this policy remain the same.



## Fireworks or Pyrotechnic Devices Exclusion

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

Policy No. CPO-0632579-02

Effective Date: 7/1/2021

This endorsement modifies insurance provided under the:

**Commercial General Liability Coverage Part**

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

This insurance does not apply to:

**Fireworks Or Pyrotechnic Devices**

"Bodily injury" or "property damage" arising out of the ownership, maintenance, handling, storage, distribution, sale or use of fireworks, pyrotechnic devices, flash-powder, explosive composition or similar explosive materials.

This exclusion does not apply to "bodily injury" or "property damage" arising out of emergency services you provide in response to any emergency which arises out of or results from fireworks.

All other terms, conditions, provisions and exclusions of this policy remain the same.



# Asbestos Exclusion with Exception

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

Policy No. CPO-0632579-02

Effective Date: 7/1/2021

This endorsement modifies insurance provided under the:

## **Commercial General Liability Coverage Part**

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

This insurance does not apply to:

### **Asbestos**

- (1)** "Bodily injury", "property damage" or "personal and advertising injury" arising out of or which would not have occurred, in whole or in part, but for the actual, alleged or threatened discharge, dispersal, release, leakage, leaching, friability, flaking, escape or presence of asbestos, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to the injury or damage.

However, this exclusion does not apply to "bodily injury" or "property damage" arising out of the ingestion of "potable water" with respect to your "water operations" provided by an insured to others.

- (2)** Any sums that any insured or other entity must pay, repay or reimburse because of any:

- (a)** Request, demand, order, statutory or regulatory requirement, direction or determination that any insured or others test for, investigate, monitor, clean up, remove, study, contain, treat, encapsulate, control or take any other action regarding asbestos; or
- (b)** Claim or "suit" for damages arising out of or relating in any way to any request, demand, order, statutory or regulatory requirement, direction or determination that any insured or others test for, investigate, monitor, clean up, remove, study, contain, treat, encapsulate, control or take any other action regarding asbestos.

- (3)** Any other loss, cost or expense arising out of or relating in any way to asbestos.

- B.** Solely with respect to this endorsement, the following definitions are added to the **Definitions** Section:

"Potable water" means water intended and provided for human consumption.

"Water operations" means only those operations related to the distribution and treatment of water.

All other terms, conditions, provisions and exclusions of this policy remain the same.





## Exclusion – Failure to Supply

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

Policy No. CPO-0632579-02

Effective Date: 7/1/2021

This endorsement modifies insurance provided under the:

**Commercial General Liability Coverage Part**

This insurance does not apply to "bodily injury" or "property damage" arising out of the failure of any insured to adequately supply gas, oil, electricity, steam or biofuel.

This exclusion does not apply if the failure to supply results from the sudden and accidental injury to tangible property owned or used by any insured to procure, produce, process or transmit the gas, oil, electricity, steam or biofuel.

All other terms, conditions, provisions and exclusions of this policy remain the same.



# Lead Exclusion with Exception

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

Policy No. CPO-0632579-02

Effective Date: 7/1/2021

This endorsement modifies insurance provided under the:

## **Commercial General Liability Coverage Part**

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

This insurance does not apply to:

### **Lead**

- (1) "Bodily injury", "property damage" or "personal and advertising injury" arising out of, resulting from, caused by or related to the actual, alleged or threatened:

- (a) Exposure to or existence of lead, paint containing lead, or any other material, product or substance containing lead; or
- (b) Manufacture, distribution, sale, resale, re-branding, installation, repair, removal, encapsulation, abatement, replacement or handling of lead, paint containing lead, or any other material, product or substance containing lead,

whether the lead is or was at any time airborne, ingested, inhaled, absorbed, transmitted in any fashion, or found in any form whatsoever, or whether any other cause, event, material, product or substance contributed concurrently or in any sequence to the injury or damage.

However, this exclusion does not apply to "bodily injury" or "property damage" arising out of "potable water" with respect to your "water operations" provided by an insured to others.

- (2) Any sums that any insured or other entity must pay, repay or reimburse because of any:

- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, sample, monitor, clean up, remove, abate, cover, contain, treat, mitigate, or neutralize lead, paint containing lead, or any other material, product or substance containing lead, or in any way respond to, or assess the effects of lead in any form; or
- (b) Claim or "suit" for damages relating to testing for, sampling, monitoring, cleaning up, removing, abating, covering, containing, treating, mitigating, or neutralizing lead, paint containing lead, or any other material, product or substance containing lead or in any way responding to or assessing the effects of lead in any form.

- (3) Any other loss, cost or expense arising out of, caused by or relating in any way to lead.

**B.** Solely with respect to this endorsement, the following definitions are added to the **Definitions** Section:

"Potable water" means water intended and provided for human consumption.

"Water operations" means only those operations related to the distribution and treatment of water.

All other terms, conditions, provisions and exclusions of this policy remain the same.

# Pollution Exclusion Amendment With Exception For Water Operations



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

Policy No. CPO-0632579-02

Effective Date: 7/1/2021

This endorsement modifies insurance provided under the:

## **Commercial General Liability Coverage Part**

### **A. The following paragraphs are added to Paragraph f.(1)(a) of the **Pollution Exclusion** under Section I – **Coverage A – Bodily Injury And Property Damage Liability**:**

- (iv) "Bodily injury" or "property damage" which occurs as a result of the insured's operations and arising out of "potable water" supplied to others by the insured;
- (v) "Bodily injury" or "property damage" arising out of the usage, handling or storage of any chemical, including natural gas and propane designed for use in the treatment of water or waste water;
- (vi) "Bodily injury" or "property damage" caused by the application of pesticides or herbicides by an insured or by others on your behalf, provided the operations meet all standards of any statute, ordinance, regulation or license requirement of any federal, state or local government which apply to those operations;
- (vii) "Bodily injury" caused by chemicals by an insured or by others on your behalf used to maintain swimming pools, whirlpools or spas owned by or operated by you, provided you notify us of such "bodily injury" as soon as practicable, but we will not pay for "bodily injury" caused by such chemicals that is reported to us more than 3 years after this policy has expired;
- (viii) "Bodily injury" or "property damage" caused by your sewage treatment operations, including the escape or back-up or sewage or waste water from any treatment facility or fixed conduit or piping that you own, operate, lease or control, or for which you have the right of way. "Property damage" must occur away from land you own or lease;
- (ix) "Bodily injury" or "property damage" arising out of the storage or use of any chemical by an insured or by others on your behalf used in training for, performing or cleaning up after an "emergency response operation";
- (x) "Bodily injury" or "property damage" caused by the discharge, dispersal, release or escape of "pollutants" from an above ground storage tank, its facilities or piping, with a storage tank capacity of 2,500 gallons or less, and located at a premises you own or legally occupy, but only if such discharge, dispersal, release or escape of "pollutants":
  - i Begins at an identified time and place during the "policy period"; and
  - ii Ends in its entirety, at an identified time within forty-eight (48) hours of the beginning of the discharge, dispersal, release or escape of the "pollutants";
- (xi) "Bodily injury" or "property damage" arising out of the storage or application of road salt by an insured or by others on your behalf or other similar substances designed and used solely for snow and ice removal from roads and similar surfaces;
- (xii) "Bodily injury" or "property damage" arising out of an explosion, lightning, windstorm, vandalism or malicious mischief, collapse, riot and civil commotion, flood, or earthquake;
- (xiii) "Bodily injury" or "property damage" arising out of the collision, upset or overturn of "mobile equipment" by an insured or by others on your behalf; or

**(xiv)** "Bodily injury" or "property damage" arising out of smoke drift from controlled burning performed by an insured or by others on your behalf that has been authorized and permitted by the respective regulatory agency.

With respect to the coverage provided in this endorsement under Paragraphs **(iv)** through **(xiv)** above, this insurance does not apply to "bodily injury" or "property damage" arising out of, or attributed to:

- a) The failure of any insured to comply with any applicable statute, regulation, ordinance, directive or order relating to the application, use, storage or handling of any gas or chemical; or
- b) The sale, application, use, or storage of any gas or chemical by any insured that is banned by any federal, state or local government authority.

**B.** Solely with respect to this endorsement, the following definitions are added to the **Definitions** Section:

"Emergency response operation" means all operations conducted by your firefighting, emergency medical services or rescue squad units which are sanctioned by you for the protection of property, human life, health or safety and conducted away from premises owned by or rented to or regularly occupied by you.

"Potable water" means water intended and provided for human consumption.

All other terms, conditions, provisions and exclusions of this policy remain the same.

POLICY NUMBER: CPO-0632579-02

COMMERCIAL AUTO

American Zurich Insurance Company  
1299 Zurich Way  
Schaumburg, IL 60196-1056

# BUSINESS AUTO DECLARATIONS

## ITEM ONE

**PRODUCER:** Allied Public Risk, LLC  
4507 North Front Street Suite 200  
Harrisburg, PA 17110

**Producer No:** 56139000

**NAMED INSURED:** Big Sandy Water District

**MAILING ADDRESS:** 18200 State Rte. 3  
Catlettsburg, KY 41129

**POLICY PERIOD:** From 7/1/2021 to 7/1/2022 at 12:01 A.M. Standard Time at your mailing address shown above

**PREVIOUS POLICY NUMBER:** CPO-0632579-01

### FORM OF BUSINESS:

CORPORATION                       LIMITED LIABILITY COMPANY                       INDIVIDUAL  
 PARTNERSHIP                       OTHER Special District

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

Premium shown is payable as billed: Not Auditable								
AUDIT PERIOD (NOT APPLICABLE)		ANNUALLY		SEMI-ANNUALLY		QUARTERLY		MONTHLY

### ENDORSEMENTS ATTACHED TO THIS POLICY:

- IL 00 17 – Common Policy Conditions (IL 01 46 in Washington)
- IL 00 21 – Broad Form Nuclear Exclusion (not Applicable in New York) (IL 01 98 in Washington)

### SEE SCHEDULE OF FORMS AND ENDORSEMENTS

COUNTERSIGNED \_\_\_\_\_ BY \_\_\_\_\_  
(Date) (Authorized Representative)

**ITEM TWO**

**Schedule Of Coverages And Covered Autos**

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

COVERAGES	COVERED AUTOS	LIMIT	PREMIUM	
COVERED AUTOS LIABILITY	1	\$1,000,000	\$	1,588
PERSONAL INJURY PROTECTION (or equivalent No-fault Coverage)	5	SEPARATELY STATED IN EACH P.I.P. ENDORSEMENT MINUS DEDUCTIBLE.	\$	160
ADDED PERSONAL INJURY PROTECTION (or equivalent Added No-fault Coverage)	N/A	SEPARATELY STATED IN EACH ADDED P.I.P. ENDORSEMENT.- see following page	\$	Not Covered
PROPERTY PROTECTION INSURANCE (Michigan only)	N/A	SEPARATELY STATED IN THE PROPERTY PROTECTION INSURANCE ENDORSEMENT MINUS N/A DEDUCTIBLE FOR EACH ACCIDENT.	\$	Not Covered
AUTO MEDICAL PAYMENTS	N/A	EACH INSURED	\$	Not Covered
MEDICAL EXPENSE AND INCOME LOSS BENEFITS (Virginia only)	N/A	SEPARATELY STATED IN THE MEDICAL EXPENSE AND INCOME LOSS BENEFITS ENDORSEMENT.	\$	Not Covered
UNINSURED MOTORISTS	2	\$100,000	\$	96
UNDERINSURED MOTORISTS (When not included in Uninsured Motorists Coverage)	2	\$100,000	\$	312
PHYSICAL DAMAGE COMPREHENSIVE COVERAGE	7, 8	ACTUAL CASH VALUE OR COST OF REPAIR, WHICHEVER IS LESS, MINUS <b>SEE AUTO SCHEDULE</b> DEDUCTIBLE FOR EACH COVERED AUTO, BUT NO DEDUCTIBLE APPLIES TO LOSS CAUSED BY FIRE OR LIGHTNING. See ITEM FOUR For Hired or Borrowed Autos.	\$	691
PHYSICAL DAMAGE SPECIFIED CAUSES OF LOSS COVERAGE	N/A	ACTUAL CASH VALUE OR COST OF REPAIR,WHICHEVER IS LESS, MINUS N/A DEDUCTIBLE FOR EACH COVERED AUTO FOR LOSS CAUSED BY MISCHIEF OR VANDALISM. See ITEM FOUR For Hired Or Borrowed Autos.	\$	N/A
PHYSICAL DAMAGE COLLISION COVERAGE	7, 8	ACTUAL CASH VALUE OR COST OF REPAIR,WHICHEVER IS LESS, MINUS <b>SEE AUTO SCHEDULE</b> DEDUCTIBLE, FOR EACH COVERED AUTO. See ITEM FOUR For Hired Or Borrowed Autos.	\$	673
PHYSICAL DAMAGE TOWING AND LABOR	3	\$50 FOR EACH DISABLEMENT OF A PRIVATE PASSENGER AUTO.	\$	Not Covered
<b>TAX/SURCHARGE/FEE</b>			\$	63.36
<b>PREMIUM FOR ENDORSEMENTS</b>			\$	3,520
<b>*ESTIMATED TOTAL PREMIUM</b>			\$	3,583.36

\*This policy may be subject to final audit.

**ITEM THREE**

**SCHEDULE OF COVERED AUTOS YOU OWN**

Covered Auto No.	DESCRIPTION				TERRITORY		Original Cost New
	Year, Model, Trade Name, Body Type Serial Number (S) Vehicle Identification Number (VIN)				Town & State Where The Covered Auto Will Be Principally Garaged		
Schedule on File with Company							
Covered Auto No.	CLASSIFICATION						EXCEPT For Towing, All Physical Damage Loss Is Payable To You And The Loss Payee Named Below According To Their Interests In The Auto At The Time Of The Loss:
	Radius Of Operation	Business Use s=service r=retail c=commercial	Size GVW, GCW Or Vehicle Seating Capacity	Age Group	Secondary Rating Classification		
Schedule on File with Company							
Covered Auto No.	COVERAGES – PREMIUMS, LIMITS AND DEDUCTIBLES						
	(Absence of a deductible or limit entry in any column below means that the limit or deductible entry in the corresponding ITEM TWO column applies instead.)						
	COVERED AUTOS LIABILITY		PERSONAL INJURY PROTECTION		ADDED P.I.P.	PROPERTY PROTECTION (Michigan Only)	
Limit	Premium	Limit Stated In Each P.I.P. Endt. Minus Deductible Shown Below	Premium	Premium For Limit Stated In Each Added P.I.P. Endt.	Limit Stated In P.P.I. Endt. Minus Deductible Shown Below	Premium	
Schedule on File with Company							
<b>Total Premium</b>							

**ITEM THREE**

**SCHEDULE OF COVERED AUTOS YOU OWN (Continued)**

Covered Auto No.	COVERAGES – PREMIUMS, LIMITS AND DEDUCTIBLES
	(Absence of a deductible or limit entry in any column below means that the limit or deductible entry in the corresponding ITEM TWO column applies instead.)



	AUTO MEDICAL PAYMENTS		MEDICAL EXPENSE AND INCOME LOSS BENEFITS (Virginia Only)		UNINSURED MOTORISTS		UNDERINSURED MOTORISTS	
	Limit Each Insured	Premium	Limit Stated In The Medical Expense and Income Loss Benefits Endorsement For Each Person	Premium	Limit	Premium	Premium	
Schedule on File with Company								
<b>Total Premium</b>								
<b>COVERAGES – PREMIUMS, LIMITS AND DEDUCTIBLES</b> (Absence of a deductible or limit entry in any column below means that the limit or deductible entry in the corresponding ITEM TWO column applies instead.)								
	COMPREHENSIVE		SPECIFIED CAUSES OF LOSS		COLLISION		TOWING & LABOR	
	Limit Stated In ITEM TWO Minus Deductible Shown Below	Premium	Limit Stated In ITEM TWO Minus Deductible Shown Below	Premium	Limit Stated In ITEM TWO Minus Deductible Shown Below	Premium	Limit Per Disablement	Premium
<b>Covered Auto No.</b>								
Schedule on File with Company								
<b>Total Premium</b>								

**ITEM FOUR**

**SCHEDULE OF HIRED OR BORROWED COVERED AUTO COVERAGE AND PREMIUMS**

<b>COVERED AUTOS LIABILITY COVERAGE – Cost Of Hire Rating Basis for Autos Used In Your Motor Carrier Operations (Other Than Mobile Or Farm Equipment)</b>			
<b>COVERED AUTOS LIABILITY COVERAGE</b>	<b>STATE</b>	<b>ESTIMATED ANNUAL COST OF HIRE FOR EACH STATE</b>	<b>PREMIUM</b>
Primary Coverage			
Excess Coverage			
<b>TOTAL HIRED AUTO PREMIUM</b>			N/A

For "autos" used in your motor carrier operations, cost of hire means:

1. The total dollar amount of costs you incurred for the hire of automobiles (includes "trailers" and semitrailers), and if not included therein,
2. The total remunerations of all operators and drivers' helpers, of hired automobiles whether hired with a driver by lessor or an "employee" of the lessee, or any other third party, and
3. The total dollar amount of any other costs (*i.e.*, repair, maintenance, fuel, etc.) directly associated with operating the hired automobiles whether such costs are absorbed by the "insured", paid to the lessor or owner, or paid to others.

<b>COVERED AUTOS LIABILITY COVERAGE – Cost Of Hire Rating Basis for Autos NOT Used In Your Motor Carrier Operations (Other Than Mobile Or Farm Equipment)</b>			
<b>COVERED AUTOS LIABILITY COVERAGE</b>	<b>STATE</b>	<b>ESTIMATED ANNUAL COST OF HIRE FOR EACH STATE</b>	<b>PREMIUM</b>
Primary Coverage	KY		
Excess Coverage			
<b>TOTAL HIRED AUTO PREMIUM</b>			Included

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

**ITEM FOUR**

**SCHEDULE OF HIRED OR BORROWED COVERED AUTO COVERAGE AND PREMIUMS (Cont'd)**

<b>Physical Damage Coverages – Cost Of Hire Rating Basis For All Autos (Other Than Mobile or Farm Equipment)</b>				
<b>COVERAGE</b>	<b>STATE</b>	<b>LIMIT OF INSURANCE</b>	<b>ESTIMATED ANNUAL COST OF HIRE FOR EACH STATE (Excluding Autos Hired With A Driver)</b>	<b>PREMIUM</b>
<b>COMPREHENSIVE</b>	<b>KY</b>	ACTUAL CASH VALUE OR COST OF REPAIR, WHICHEVER IS LESS, MINUS \$1,000 DEDUCTIBLE FOR EACH COVERED AUTO, BUT NO DEDUCTIBLE APPLIES TO LOSS CAUSED BY FIRE OR LIGHTNING.	\$35,000	Included
<b>SPECIFIED CAUSES OF LOSS</b>		ACTUAL CASH VALUE OR COST OF REPAIR, WHICHEVER IS LESS, MINUS DEDUCTIBLE FOR EACH COVERED AUTO FOR LOSS CAUSED BY MISCHIEF OR VANDALISM.	N/A	N/A
<b>COLLISION</b>	<b>KY</b>	ACTUAL CASH VALUE OR COST OF REPAIR, WHICHEVER IS LESS, MINUS \$1,000 DEDUCTIBLE FOR EACH COVERED AUTO.	\$35,000	Included
<b>TOTAL HIRED AUTO PREMIUM</b>				Included
For Physical Damage Coverages, cost of hire means the total amount you incur for the hire of "autos" you don't own (not including "autos" you borrow or rent from your partners or "employees" or their family members). Cost of hire does not include charges for any "auto" that is leased, hired, rented or borrowed with a driver.				

**ITEM FOUR**

**SCHEDULE OF HIRED OR BORROWED COVERED AUTO COVERAGE AND PREMIUMS (Cont'd)**

<b>Cost Of Hire Rating Basis For Mobile Or Farm Equipment – Other Than Physical Damage Coverages</b>					
<b>COVERAGE</b>	<b>STATE</b>	<b>ESTIMATED ANNUAL COST OF HIRE FOR EACH STATE</b>		<b>PREMIUM</b>	
		<b>Mobile Equipment</b>	<b>Farm Equipment</b>	<b>Mobile Equipment</b>	<b>Farm Equipment</b>
Covered Autos Liability – Primary Coverage					
Covered Autos Liability – Excess Coverage	KY	N/A	N/A	N/A	N/A
Personal Injury Protection					
Medical Expense Benefits (Virginia Only)					
Income Loss Benefits (Virginia Only)					
Auto Medical Payments					
<b>TOTAL HIRED AUTO PREMIUMS</b>				N/A	N/A
<p>Cost of hire means the total amount you incur for the hire of "autos" you don't own (not including "autos" you borrow or rent from your partners or "employees" or their family members). Cost of hire does not include charges for services performed by motor carriers of property or passengers.</p>					

**ITEM FOUR**

**SCHEDULE OF HIRED OR BORROWED COVERED AUTO COVERAGE AND PREMIUMS (Cont'd)**

<b>Cost Of Hire Rating Basis For Mobile or Farm Equipment – Physical Damage Coverages</b>						
<b>COVERAGE</b>	<b>STATE</b>	<b>LIMIT OF INSURANCE</b>	<b>ESTIMATED ANNUAL COST OF HIRE FOR EACH STATE (Excluding Autos Hired With A Driver)</b>		<b>PREMIUM</b>	
			<b>Mobile Equipment</b>	<b>Farm Equipment</b>	<b>Mobile Equipment</b>	<b>Farm Equipment</b>
<b>COMPREHENSIVE</b>	<b>KY</b>	ACTUAL CASH VALUE OR COST OF REPAIR, WHICHEVER IS LESS, MINUS DEDUCTIBLE FOR EACH COVERED AUTO, BUT NO DEDUCTIBLE APPLIES TO LOSS CAUSED BY FIRE OR LIGHTNING.	N/A	N/A	N/A	N/A
<b>SPECIFIED CAUSES OF LOSS</b>		ACTUAL CASH VALUE OR COST OF REPAIR, WHICHEVER IS LESS, MINUS DEDUCTIBLE FOR EACH COVERED AUTO FOR LOSS CAUSED BY MISCHIEF OR VANDALISM.				
<b>COLLISION</b>	<b>KY</b>	ACTUAL CASH VALUE OR COST OF REPAIR, WHICH-EVER IS LESS, MINUS DEDUCTIBLE FOR EACH COVERED AUTO.	N/A	N/A	N/A	N/A
<b>TOTAL HIRED AUTO PREMIUM</b>					N/A	N/A
<p>For Physical Damage Coverages, cost of hire means the total amount you incur for the hire of "autos" you don't own (not including "autos" you borrow or rent from your partners or "employees" or their family members). Cost of hire does not include charges for any auto that is leased, hired, rented or borrowed with a driver.</p>						

**ITEM FOUR**

**SCHEDULE OF HIRED OR BORROWED COVERED AUTO COVERAGE AND PREMIUMS (Cont'd)**

<b>Rental Period Rating Basis For Mobile Or Farm Equipment</b>					
<b>COVERAGE</b>	<b>TOWN AND STATE WHERE THE JOB SITE IS LOCATED</b>	<b>ESTIMATED NUMBER OF DAYS EQUIPMENT WILL BE RENTED</b>		<b>PREMIUM</b>	
		<b>Mobile Equipment</b>	<b>Farm Equipment</b>	<b>Mobile Equipment</b>	<b>Farm Equipment</b>
Covered Autos Liability – Primary Coverage					
Covered Autos Liability – Excess Coverage					
Personal Injury Protection					
Medical Expense Benefits (Virginia Only)					
Income Loss Benefits (Virginia Only)					
Auto Medical Payments					
<b>TOTAL HIRED AUTO PREMIUMS</b>				N/A	N/A

**ITEM FIVE**

**SCHEDULE FOR NON-OWNERSHIP COVERED AUTOS LIABILITY**

<b>NAMED INSURED'S BUSINESS</b>	<b>RATING BASIS</b>	<b>NUMBER</b>	<b>PREMIUM</b>
Other Than Garage Service Operations And Other Than Social Service Agencies	Number Of Employees	0-25	INCLUDED
	Number Of Partners (Active and Inactive)		
Garage Service Operations	Number Of Employees Whose Principal Duty Involves The Operation Of Autos	N/A	N/A
	Number Of Partners (Active and Inactive)		
Social Service Agencies	Number Of Employees	N/A	N/A
	Number Of Volunteers Who Regularly Use Autos To Transport Clients		
	Number Of Partners (Active and Inactive)		
<b>TOTAL NON-OWNERSHIP COVERED AUTOS LIABILITY PREMIUM</b>			INCLUDED

**ITEM SIX**  
**SCHEDULE FOR GROSS RECEIPTS OR MILEAGE BASIS**

Type Of Risk (Check one):	<input type="checkbox"/> Public Autos	<input type="checkbox"/> Leasing Or Rental Concerns
Rating Basis (Check one):	<input type="checkbox"/> Gross Receipts (Per \$100)	<input type="checkbox"/> Mileage (Per Mile)
Estimated Yearly (Check One):	<input type="checkbox"/> Gross Receipts (Per \$100)	<input type="checkbox"/> Mileage
<b>Premiums</b>		
<b>Covered Autos Liability</b>		
<b>Personal Injury Protection</b>		
<b>Added Personal Injury Protection</b>		
<b>Property Protection Insurance (Michigan Only)</b>		
<b>Auto Medical Payments</b>		
<b>Medical Expense And Income Loss Benefits (Virginia Only)</b>		
<b>Comprehensive</b>		
<b>Specified Causes Of Loss</b>		
<b>Collision</b>		
<b>Towing And Labor</b>		

When used as a premium basis:

**FOR PUBLIC AUTOS**

Gross receipts means the total amount earned by the named insured for transporting passengers, mail and merchandise.

Gross receipts does not include:

1. Amounts paid to air, sea or land carriers operating under their own permits.
2. Advertising revenue.
3. Taxes collected as a separate item and paid directly to the government.
4. C.O.D. collections for cost of mail or merchandise including collection fees.

Mileage means the total live and dead mileage of all revenue producing "autos" during the policy period.

**FOR RENTAL OR LEASING CONCERNS**

Gross receipts means the total amount earned by the named insured for the leasing or renting of "autos" to others without drivers.

Mileage means the total live and dead mileage of all "autos" you leased or rented to others without drivers.

ALLIED PUBLIC RISK –AUTO SCHEDULE  
 American Zurich Insurance Company  
 INSURED: Big Sandy Water District Catlettsburg KY 41129  
 POLICY YEAR EFFECTIVE: 7/1/2021

TYPE ***	AUTO #	YEAR	MAKE	MODEL	COST NEW	COMP DED	COLL DED	VIN	VALUATION
E	1	2014	Ford	F150	\$25,000	\$1,000	\$1,000	1FTNF1EFXEKD94111	Actual Cash Value
E	2	2016	GMC	Sierra	\$46,600	\$1,000	\$1,000	1GT22RE84GZ191739	Actual Cash Value
E	3	2017	Chevrolet	Silverado	\$39,780	\$1,000	\$1,000	1CGVKNECOHZ24872 5	Actual Cash Value
E	4	2017	Chevrolet	Silverado	\$39,780	\$1,000	\$1,000	1CGCVKNEC1HZ2476 78	Actual Cash Value
E	5	2018	Kraftsman	Trailer	\$7,410	\$1,000	\$1,000	5E7GP1621JR003853	Actual Cash Value
E	6	2018	Carryon	Trailer	\$1,300	\$1,000	\$1,000	4YMBU1014JG028241	Actual Cash Value
E	7	2018	Chevrolet	1500	\$42,500	\$1,000	\$1,000	1GCVKNECXJZ298148	Actual Cash Value
E	8	2019	Chevrolet	Silverado	\$44,000	\$1,000	\$1,000	2GCVKNEC8K1113525	Actual Cash Value

\*\*\*Type Codes E-Existing, N-New, M-Modified, D-Deleted, PD-Previously Deleted



## 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.

<b>19</b>	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.
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**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.

<b>Named Insured:</b> <b>Big Sandy Water District</b>
<b>Endorsement Effective Date:</b> <b>7/1/2021</b>

### **SCHEDULE**

<b>Limit Of Insurance:</b> <b>\$ 100,000</b>	<b>Each "Accident"</b>
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.

<b>Named Insured: Big Sandy Water District</b>
<b>Endorsement Effective Date: 7/1/2021</b>

### **SCHEDULE**

<b>Limit of Insurance \$ 100,000</b>	<b>Each "Accident"</b>
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.
  - 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".

However, "underinsured motor vehicle" does not include any vehicle:

**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.**

## **EXCLUSION OF TERRORISM ABOVE MINIMUM STATUTORY LIMITS**

This endorsement modifies insurance provided under the following:

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

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

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

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

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

- (1)** Use or threat of force or violence; or
- (2)** Commission or threat of a dangerous act; or
- (3)** Commission or threat of an act that interferes with or disrupts an electronic, communication, information or mechanical system; and

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

- (1)** The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
- (2)** It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

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

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

### **Exclusion Of Terrorism**

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

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

2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
3. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or
5. The total of insured damage to all types of property exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or
6. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
  - a. Physical injury that involves a substantial risk of death; or
  - b. Protracted and obvious physical disfigurement; or
  - c. Protracted loss of or impairment of the function of a bodily member or organ.

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

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

However, with respect to Covered Autos Liability Coverage and Personal Injury Protection Coverage, if applicable, this exclusion applies only to the extent that the limit of such coverage exceeds the state compulsory or financial responsibility law minimum limits for each coverage.

With respect to Uninsured and/or Underinsured Motorists Coverage, if applicable, this exclusion applies only to the extent that the limit of such coverage exceeds the minimum statutory permitted limits for Uninsured and/or Underinsured Motorists Coverage. Those limits are equal to the minimum limit permitted for Covered Autos Liability Coverage.

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

**Exclusion Of Terrorism**

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

1. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
3. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or
5. The total of insured damage to all types of property exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions.

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

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

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

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

## **KENTUCKY SILICA OR SILICA-RELATED DUST EXCLUSION FOR COVERED AUTOS EXPOSURE**

For a covered "auto" licensed or principally garaged 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.

**A. The following exclusion is added to Covered Autos Liability Coverage:**

**Silica Or Silica-related Dust Exclusion For Covered Autos Exposure**

To the extent that the limits of liability exceed the limits of liability required by the Kentucky Motor Vehicle Repairs Act, this insurance does not apply to:

1. "Bodily injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, or ingestion of, "silica" or "silica-related dust".
2. "Property damage" arising, in whole or in part, out of the actual, alleged, threatened or suspected contact with, exposure to, existence of, or presence of, "silica" or "silica-related dust".

3. Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, "silica" or "silica-related dust", by any "insured" or by any other person or entity.

**B. Additional Definitions**

As used in this endorsement:

1. "Silica" means silicon dioxide (occurring in crystalline, amorphous and impure forms), silica particles, silica dust or silica compounds.
2. "Silica-related dust" means a mixture or combination of silica and other dust or particles.

**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.



## Automobile – Abuse And Molestation Exclusion

Policy No.	Eff. Date of Pol.	Exp. Date of Pol.	Eff. Date of End.	Producer No.	Add'l. Prem	Return Prem.
CPO-0632579-02	7/1/2021	7/1/2022	7/1/2021	56139000	N/A	N/A

Named Insured / Mailing Address:

**BIG SANDY WATER DISTRICT  
18200 STATE RTE. 3  
CATLETTSBURG, KY 41129**

Producer Name & Address:

**ALLIED PUBLIC RISK, LLC  
4507 NORTH FRONT STREET SUITE 200  
HARRISBURG, PA 17110**

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

This endorsement modifies insurance provided under the:

**Business Auto Coverage Form**

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

This insurance does not apply to "bodily injury" or "property damage" arising out of:

1. The actual or threatened abuse or molestation by anyone of any person while in the care, custody or control of any "insured", or
2. The negligent:
  - a. Employment;
  - b. Investigation;
  - c. Supervision;
  - d. Reporting to the proper authorities, or failure to so report; or
  - e. Retention;

of a person for whom any "insured" is or ever was legally responsible and whose conduct would be excluded by Paragraph 1., above.

All other terms, conditions, provisions and exclusions of this policy remain the same.



# Public Entity Fleet Coverage Endorsement - Kentucky



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

Policy No. CPO-0632579-02

Effective Date: 7/1/2021

This endorsement modifies insurance provided under the:

## **Business Auto Coverage Form**

### **I. The following changes are made to Section II – Covered Autos Liability Coverage:**

The following changes are applicable for those "autos" for which Covered Autos Liability Coverage is purchased.

#### **A. Paragraph 1. Who Is An Insured is replaced by the following:**

The following are "insureds":

1. You for any covered "auto".
2. Any elected or appointed individual who is a director, executive officer, board member or staff member of a governmental agency, authority, subdivision, department, municipal body, board or commission or other similar unit that is operated by you, subject to your oversight, control or direction and operated with funds administered and allotted by you:
  - a. While using a covered "auto" you own; or
  - b. While using an "auto" you don't own, hire or borrow;  
in the performance duties related to the conduct of your operations.
3. Anyone else while using with your permission a covered "auto" you own, hire or borrow, except,
  - a. 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.
  - b. Anyone other than your "employees" or a lessee or borrower or any of their "employees", while moving property to or from a covered "auto".
4. The estates, heirs, legal representative or assigns of deceased a person who was an "insured" at the time of a covered loss, but only to the extent that such "insured" would have otherwise been afforded coverage under this policy.
5. The owner of a "commandeered auto", but only while such "commandeered auto" is in your temporary care, custody or control, and only while it is being used as part of an "emergency situation".
6. An "employee" of yours while using a covered "auto" you don't own, hire or borrow for acts performed within the scope of employment by you.
7. A "volunteer" while using a covered "auto" you do not own, hire or borrow for acts performed for you at your direction.
8. Anyone liable for the conduct of an "insured" described above but only to the extent of that liability.

## 9. Additional Insureds

To the extent permitted by law, any person(s) or organization(s) when required by written contract or written agreement with you, or written permit issued to you by a governmental or public authority, provided:

- a. The "accident" arises out of operations governed by such written contract, written agreement or written permit; and
- b. (1) The written contract or written agreement is executed prior to any "accident"; or  
(2) The written permit has been issued to you prior to any "accident".

We will pay only up to the limits required in the written contract, written agreement or written permit, or the Limits of Insurance shown in the Declarations, whichever is less. A person's or organization's status as an additional insured ends the earliest of the following:

- (a) The termination date of this policy;
- (b) When the contract or agreement ends; or
- (c) When the permit has expired or is no longer in use.

B. Paragraphs **2.a.(2)** and **2.a.(4)** of **Coverage Extensions** are replaced by the following:

- (2) Up to \$5,000 for cost of bail bonds (including bonds for traffic law violations) required because of an "accident" we cover. We do not have to furnish these bonds.
- (4) All reasonable expenses incurred by the "insured" at our request, including actual loss of earning up to \$500 a day because of time off from work.

C. The following changes are made to Part **B. Exclusions**:

### 1. Expected Or Intended Injury

The **Expected Or Intended Injury** exclusion does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force to protect person or property. This exclusion applies only to the extent that the limits of liability for such coverage exceed the limits of liability required by the Kentucky Motor Vehicle Repairs Act.

### 2. Fellow Employee

The **Fellow Employee** exclusion does not apply.

### 3. Racing

The **Racing** exclusion does not apply to covered "autos" while being used by an "insured" in a driver safety event or training activity, including, but not limited to, "auto" rodeos and other agility contests or demonstrations.

II. The following changes are made to **Section III – Physical Damage Coverage**:

The following changes are applicable for those "autos" for which Comprehensive, Specified Causes of Loss, or Collision coverage is purchased.

A. The following changes are made to **4. Coverage Extensions**:

1. Paragraph **4.a. Transportation Expenses** is replaced by the following:

We will pay up to a maximum limit of \$1,500 for temporary transportation expense incurred by you because of the total theft of a covered "auto". We will pay for temporary transportation expenses incurred during the period beginning 24 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".

This coverage extension does not apply while there are spare or reserve "autos" available to you for your operations.

2. The last paragraph of Paragraph **4.b. Loss Of Use Expenses** is replaced by the following:

The most we will pay for loss of use expense is the lesser of:

- (a) The amount required by the written rental contract or agreement; or
- (b) \$5,000.

**B.** The following are added to **4. Coverage Extensions:**

**Commandeered Auto Coverage**

The Physical Damage coverage provided by this Coverage Form is extended to cover "loss" to a "commandeered auto" used during an "emergency situation". Each "loss" to a "commandeered auto" is subject to a deductible amount of \$500.

**Rental Reimbursement Coverage**

- (1) 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 deductibles apply to this coverage.
- (2) 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, for the number of days reasonably required to repair or replace the covered "auto".
- (3) The most we will pay for rental reimbursement expenses because of "loss" to any one covered "auto" is \$3,000.
- (4) This coverage does not apply while there are spare or reserve "autos" available to you for your operations.
- (5) If "loss" results from the total theft of a covered "auto" of the private passenger type, we will pay under this coverage only the amount of your rental reimbursement expenses which is not already provided for under the Transportation Expenses extension above.

**Personal Effects Coverage**

- (1) We will pay up to \$500 for "loss" to personal effects owned by an "insured" which are in or on a covered "auto, if the "loss" to personal effects results from:
  - (a) A covered "loss" involving such covered "auto"; or
  - (b) The total theft of such covered "auto".
- (2) The amount paid for "loss" to personal effects will be based on the lesser of:
  - (a) The reasonable cost to replace; or
  - (b) The actual cash value.
- (3) We will not pay for "loss" caused by theft to personal effects from an unattended "auto" unless at the time of theft its windows, doors and compartments were closed and locked and there are visible signs that the theft was the result of forced entry.
- (4) As used in this coverage extension, personal effects are privately owned items normally worn or carried on the person and are not used in business, such as articles of clothing, keys, purses or wallets, medication, cosmetics and such similar items. However, we will not pay for "loss" to any of the following under this extension:
  - (a) Accounts, bills, currency, deeds, evidence of debt, money, notes, securities, or commercial paper or other documents of value.
  - (b) Bullion, gold, silver, platinum, or other precious alloys or metals; furs or fur garments; jewelry, watches, precious or semi-precious stones.
  - (c) Paintings, statuary and other works of art.

(d) Contraband or property in the course of illegal transportation or trade.

(e) Tapes, records, discs or other similar devices used with audio, visual or data electronic equipment.

Any coverage provided by this provision is excess over any other insurance coverage available for the same "loss".

### **Tapes, Records And Discs Coverage**

(1) We will pay for "loss" to tapes, records, discs or other similar devices used with audio, visual or data electronic equipment. We will pay only if the tapes, records, discs or other similar audio, visual or data electronic devices:

(a) Are your property; and

(b) Are in a covered "auto" at the time of "loss".

(2) The most we will pay for "loss" under this paragraph is \$500.

(3) No Physical Damage Coverage deductible applies to this coverage.

(4) Exclusion **B.4.a.** does not apply to this extension.

### **Auto Loan/Lease GAP Coverage**

In the event of a total "loss" to a covered "auto", we will pay any unpaid amount due on the lease or loan for a covered "auto", less:

(1) The amount paid under the policy's Physical Damage Coverage; and

(2) Any:

(a) Overdue lease/loan payment at the time of the "loss";

(b) Financial penalties imposed under a lease for excessive use, abnormal wear and tear or high mileage;

(c) Security deposits not returned by the lessor;

(d) Costs for extended warranties, Credit Life Insurance, Health, Accident or Disability Insurance purchased with the loan or lease; and

(e) Carry-over balances from previous loans or leases.

**C.** The following changes are made to part **B. Exclusions**:

1. The following is added to Exclusion **B.2.**:

Exclusion **B.2.** does not apply to covered "autos" while being used by an "insured" in a driver safety event or training activity, including, but not limited to, "auto" rodeos and other agility contests or demonstrations.

2. The following is added to Exclusion **B.3.a.**:

This exclusion does not apply to:

(1) The accidental discharge of an airbag; or

(2) "Loss" caused by freezing from exposure of permanently attached special equipment common to an emergency "auto" to cold temperatures, unless the "loss" is caused by your failure to properly maintain such equipment. Such permanently attached special equipment includes, but is not limited to, pumps, gauges and tanks.

However, "loss" to an "auto" engine caused by freezing from exposure to cold temperatures is excluded.

3. The exclusion relating to audio, visual and data electronic equipment in Paragraphs **B.4.c.** and **B.4.d.** does not apply to any equipment that is installed in or upon a covered "auto" which is owned by you and is used by a police or fire department; or is equipped as an emergency vehicle.

For covered "autos" described in this paragraph **3.**, the **Limits Of Insurance** provision in Paragraph **C.1.b.** does not apply.

D. The following provisions are added to part **D. Deductible**:

**Limited Deductible Reimbursement For Employee's Or Volunteer's Personal Auto**

With respect to "autos" owned by your "employees" or "volunteers", we will reimburse the amount of the deductible under any "auto" policy available to your "employees" or "volunteers", up to a maximum amount of \$1,000 for any one "auto", but only if:

- (1) At the time of the "loss", the "auto" owned by the "employee" is being used in the scope of employment by you;
- (2) At the time of the "loss", the "auto" owned by the "volunteer" is being used in the scope of duties determined by you.

**Loss To Two Or More Covered Autos**

We will apply only one deductible when two or more of your covered "autos" are involved in the same "loss" to which Comprehensive Coverage, Specified Causes Of Loss Coverage, or Collision Coverage applies. That deductible will be the highest deductible applicable to any one covered "auto" involved in the "loss".

III. The following changes are made to **Section IV – Business Auto Conditions**:

A. Paragraph **A.2.a.** of the **Duties In The Event Of Accident, Claim, Suit Or Loss** provision is replaced by the following:

- 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.

The failure of any agent or "employee" of the "insured" to notify us of any "accident", claim, "suit" or "loss" shall not invalidate the insurance afforded by the policy.

If you report an "accident", claim, "suit" or "loss" to another insurer when you should have reported to us, your failure to report to us will not be seen as a violation of these amended duties provided you give us notice as soon as practicable after the fact of the delay becomes known to you.

B. The following is added to the **Transfer Of Rights Of Recovery Against Others To Us** condition:

This condition does not apply to the extent required of you by a written contract, executed prior to any "accident" or "loss", provided that the "accident" or "loss" arises out of operations contemplated by such contract. This waiver only applies to the person or organization designated in the contract.

C. The following is added to the **Concealment, Misrepresentation Or Fraud** condition:

However, we will not deny coverage under this Coverage Form if you unintentionally:

- (1) Fail to disclose any hazards existing at the inception date of this Coverage Form; or
- (2) Make an error, omission, improper description of "autos" or other misstatement of information.

You must notify us as soon as possible after the discovery of any hazards or any other information that was not provided to us prior to the acceptance of this policy.

This provision does not affect our right to collect additional premium or exercise our right of cancellation or non-renewal.

D. The following changes are made to the **Other Insurance** condition:

1. Paragraph **B.5.b.** is replaced by the following:

- b. For **Hired Auto Physical Damage Coverage**, the following are deemed to be covered "autos" you own:
  - (1) Any covered "auto" you lease, hire, rent or borrow; and

- (2) Any covered "auto" hired or rented under a written contract or written agreement entered into by an "employee" with your permission while being operated within the scope of that "employee's" employment by you.
- (3) Any covered "auto" hired or rented under a written contract or written agreement entered into by an elected or appointed official with your permission while being operated within the scope of that elected or appointed official's duties related to the conduct of your operations.

However, any "auto" that is leased, hired, rented or borrowed with a driver is not a covered "auto".

2. The following provisions are added:

Regardless of the provisions of paragraphs **5.a.** and **b.** above, a "commandeered auto" is deemed to be a covered "auto" you own, but only while it is being used in an "emergency" situation.

Coverage for any person(s) or organization(s) as an additional insured, where required by written contract or written agreement with you executed prior to any "accident", or required by a written permit issued to you prior to any "accident" by a governmental or public authority, will apply on a primary and non-contributory basis and any insurance maintained by the additional "insured" will apply on an excess basis. However, in no event will this coverage extend beyond the terms and conditions of the Coverage Form.

E. The following conditions are added:

**Loss Payable Clause**

1. We will pay, as interest may appear, you and the loss payee for "loss" to a covered "auto".
2. The insurance covers the interest of the loss payee unless the "loss" results from conversion, secretion or embezzlement on your part.
3. We may cancel the policy as allowed by the Cancellation Common Policy Condition.

Cancellation ends this agreement as to the loss payee's interest. If we cancel the policy, we will mail you and the loss payee the same advance notice.

4. If we make any payments to the loss payee, we will obtain his or her rights against any other party.

**No Waiver of Sovereign Immunity**

This policy:

1. Does not apply to any "accident", claim, "suit" or "loss" for any amount for which the "insured" would not be liable under applicable governmental or sovereign immunity but for the existence of this policy; and
2. The issuance of this insurance shall not be deemed a waiver of any statutory immunities by or on behalf of any "insured", nor of any statutory limits of the monetary amount of liability applicable to any "insured" were this policy not in effect.

As respects any "accident", claim, "suit" or "loss", we expressly reserve any and all rights to deny liability by reason of such immunity; and to assert the limitations as to the amount of liability as might be provided by law.

IV. The following changes are made to **Section V – Definitions**:

A. The definition of "bodily injury" is replaced by the following:

"Bodily injury" means bodily injury, sickness or disease, sustained by a person including death or mental anguish, resulting from any of these at any time. Mental anguish means any type of mental or emotional illness or disease.

B. The following definitions are added:

"Commandeered auto" means any "auto" you do not own, lease, hire, rent or borrow that you seize, confiscate or take by force into your temporary care, custody or control for use in an "emergency situation". "Commandeered auto" does not include any "auto" owned, leased, hired, rented or borrowed by, or otherwise available for use by, your "employees" or "volunteers".

"Emergency situation" means an unexpected event or circumstance demanding immediate official action to preserve and protect property, human life, health or safety.

"Volunteer" 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.

All other terms, conditions, provisions and exclusions of this policy remain the same.



# Fleet Automatic Amendatory Endorsement

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

Policy No. CPO-0632579-02

Effective Date: 7/1/2021

This endorsement modifies insurance provided under the:

## **Business Auto Coverage Form**

**A. The following provision is added to paragraph B. Owned Autos You Acquire After The Policy Begins of Section I – Covered Autos:**

### **Fleet Automatic Provision**

a. Covered Autos Liability Coverage and Physical Damage Coverage are provided on a fleet automatic basis for the "autos" described in this paragraph. Under this Fleet Automatic Provision, any "auto" you acquire after the policy period begins will be a covered "auto", but only if:

- (1) Such "auto" is an additional "auto" or replaces an "auto" you previously owned that had Covered Autos Liability Coverage or Physical Damage Coverage; and
- (2) Such "auto" is similar in type, use and value to the other covered "autos" insured under this policy.

However, the fleet automatic provisions described above do not apply to:

- (a) Any "auto" with a lienholder;
- (b) Any "auto" (other than an "auto" of the private passenger type) that is an "emergency vehicle";
- (c) Any "auto" with an Original Cost New of \$100,000 or greater;
- (d) Any "auto" that is part of a request to add or delete more than 10 "autos".

b. No additional or return premium will apply to "autos" described in paragraph a.

**B. Paragraph 6. Premium Audit of Section IV – Business Auto Conditions, part B. General Conditions, does not apply to this endorsement.**

**C. The following definitions are added to Section V – Definitions:**

"Emergency response operation" means activities by your law enforcement, firefighting or emergency rescue operation, in response to an "emergency situation", which involves the use of a covered "auto".

"Emergency situation" means an unexpected event or circumstance demanding immediate official action to preserve and protect property, human life, health or safety.

"Emergency vehicle" means firefighting, ambulance or rescue squad "autos" having emergency equipment and used in your sanctioned "emergency response operations". "Emergency vehicle" does not include any "auto" that is a "police vehicle".



"Police vehicle" means police cruisers and patrol vehicles. "Police vehicle" does not include any "auto":

- a. Obtained through seizure, forfeiture or donation;
- b. That is an armored vehicle or other similar specialty vehicle;
- c. That is an "emergency vehicle".

All other terms, conditions, provisions and exclusions of this policy remain the same.

**BIG SANDY WATER DISTRICT**

**Response to Commission Staff's First Request for Information  
Case No. 2022-00044**

Question No. 2

Responding Witness: Jessica Sexton

- Q-2. Provide a copy of the Adjusted Trial Balance showing unaudited account balances, audit adjustments, and audited balances for the calendar years ended 2020 and 2021 in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.**
- A-2. See Excel Spreadsheet PSCDR1-2\_TrialBalances. A copy of this spreadsheet is embedded in this Response and has also been provided separately with this Response. The audit of Big Sandy Water District's financial records for Calendar Year 2021 has not been completed. Accordingly, only the unaudited account balances can currently be provided for 2021. The adjusting journal entries for Calendar Year 2020 were previously provided in the Application as Exhibit Q. A copy of these entries is attached as Attachment 2.

# **ATTACHMENT 2**

**Big Sandy Water District**  
**Adjusting Entries**  
**12/31/2020**

JDL

\$ 3,724,548.00    \$ 3,724,548.00

**\$0.00**  
 Workpaper  
 Reference

	Account Number	DR	CR	
<b>1</b>				
Deferred Outflows	163-0000	\$ 86,460.00		VI J1
Deferred Outflows - OPEB	163-0001	\$ 102,929.00		
Deferred Inflows	232-0022	\$ 82,780.00		
Deferred Inflows - OPEB	232-0023	\$ 15,038.00		
Net Pension Liability	232-0020		\$ 255,552.00	
OPEB liability	232-0024		\$ 130,200.00	
Retirement	604-0003	\$ 46,275.00		
Retirement	604-0003	\$ 15,615.00		
Retained earnings balance to adjust to actual per analysis	215-0001	\$ 36,655.00		
<b>2</b>				
Customer Accounts Receivable	141-00000	\$ 48,007.00		XIV A
Metered sales to residential	461-0001		\$ 47,830.00	
Other accounts receivable to adjust to actual per analysis	142-0000		\$ 177.00	
<b>3</b>				
Allowance for doubtful accounts	new account: 143-0001		\$ 10,747.00	XIV A
Metered sales to residential to adjust to actual per analysis	461-0001	\$ 10,747.00		
<b>4</b>				
Purchased water	610-0000		\$ 108,351.00	
Accounts payable to adjust to actual per analysis	231-0000	\$ 108,351.00		
<b>5</b>				
Retirement payable	236-0001	\$ 5,429.00		XV B
Retirement	604-0003		\$ 5,429.00	
School utilities taxes payable	237-0000	\$ 3,421.00		
Metered sales to residential to adjust to actual per analysis	461-0001		\$ 3,421.00	
<b>6</b>				
Utility in Service	350-000		\$ 124,728.00	XIV A1
Construction in Progress - Cunningham Hill	105-0011		\$ 8,714.00	
Transmission and Distribution Mains	331-0000	\$ 124,728.00		
Construction in Progress - Phase V to reclassify	105-0010	\$ 8,714.00		
<b>7</b>				
Office furniture	340-0000		\$ 28.00	ledger review
Misc equipment	347-0000		\$ 3,031.00	
Materials & supplies/Maintenance to reclassify	620-0001	\$ 3,059.00		

**Big Sandy Water District  
Adjusting Entries  
12/31/2020**

JDL

		\$ 3,724,548.00	\$ 3,724,548.00	\$0.00	
		Account Number	DR	CR	Workpaper Reference
8					
	Depreciation expense	403-0000	\$ 474,524.00		XVI A3
	Amortization expense	403-0000	\$ 497.00		
	Accumulated Depr/Util Plt in Service	108-0000		\$ 472,540.00	
	Accumulated amortization - util plant acq adj to record depreciation			\$ 2,481.00	
9					
	Plant Materials & Supplies	151-0000	\$ 105,276.00		XVII A
	Materials & supplies/Maintenance to adjust to actual per analysis	620-0001		\$ 105,276.00	
10					
	RUS Loan / Law CO Phase II	232-0005		\$ 10,941.00	V A
	Other income	474-0000		\$ 59.00	
	KRWFC Interium Loan	232-0025	\$ 335,000.00		
	Note Payable - USDA	232-0001	\$ 338,000.00		
	Note Payable USDA	232-0002	\$ 676,119.00		
	USDA - LCWD	232-0003	\$ 390,552.00		
	KRWFC Loan/Refinancing	232-0015	\$ 75,000.00		
	Bond Premium	232-0016	\$ 5,263.00		
	KRWFC Loan/931,000	232-0009	\$ 463,000.00		
	RD Loan/Ashland	232-0018		\$ 17,000.00	
	Overland development	232-0019		\$ 109,000.00	
	2014 KRWFC Loan	232-0017	\$ 126,000.00		
	2007A Escrow Funds	133-0004		\$ 141,566.00	
	2013C Escrow Funds	133-0005		\$ 150,893.00	
	Other Special Deposits	133-0006		\$ 30,368.00	
	2019 Escrow Funds	133-0007		\$ 1,015,939.00	
	Loan money Phase V	421-0013		\$ 334,459.00	
	Interest exp	427-0010	\$ 30,368.00	\$ 10,894.00	
	Other current asset	164-0000		\$ 1,007.00	
	Phase V Grant 21 to reclassify and correct balances			\$ 617,176.00	
11					
	Accrued interest	230-0000		\$ 6,741.00	V A
	Interest exp to adjust to actual per analysis	427-0010	\$ 6,741.00		

Big Sandy Water District  
General Journal Posting Audit

Trans. Date	Transaction Description	Reference Number	Entry Date	Entered By	Debit Amount	Credit Amount
<b>Account</b>	00163-0000	Deferred Outflows				
12/31/2020	Adjusting Enteries 12/31/2020		08/04/21	Jessica	\$86,460.00	
<b>Account</b>	00163-0001	Deferred Outflows-OPEB				
12/31/2020	Adjusting Enteries 12/31/2020		08/04/21	Jessica	\$102,929.00	
<b>Account</b>	00215-0001	Retained Earnings Balance				
12/31/2020	Adjusting Enteries 12/31/2020		08/04/21	Jessica	\$36,655.00	
<b>Account</b>	00232-0020	Net Pension Liability				
12/31/2020	Adjusting Enteries 12/31/2020		08/04/21	Jessica		\$255,552.00
<b>Account</b>	00232-0022	Deferred Inflows				
12/31/2020	Adjusting Enteries 12/31/2020		08/04/21	Jessica	\$82,780.00	
<b>Account</b>	00232-0023	Deferred Inflows-OPEB				
12/31/2020	Adjusting Enteries 12/31/2020		08/04/21	Jessica	\$15,038.00	
<b>Account</b>	00232-0024	OPEB Liability				
12/31/2020	Adjusting Enteries 12/31/2020		08/04/21	Jessica		\$130,200.00
<b>Account</b>	00604-0003	Retirement				
12/31/2020	Adjusting Enteries 12/31/2020		08/04/21	Jessica	\$46,275.00	
12/31/2020	Adjusting Enteries 12/31/2020		08/04/21	Jessica	\$15,615.00	
	<b>Number of Transactions</b>		2	<b>Account Totals</b>	\$61,890.00	\$0.00
	<b>Total Number of Transactions</b>		9	<b>Report Totals</b>	\$385,752.00	\$385,752.00

**Big Sandy Water District  
Posting Register**

Trans. Date	Transaction Description	Reference Number	Entry Date	Entered By	Debit Amount	Credit Amount
<b>Account</b>	00163-0000	Deferred Outflows				
12/31/2020	Adjusting Enteries 12/31/2020		08/04/21	Jessica	\$86,460.00	
<b>Account</b>	00163-0001	Deferred Outflows-OPEB				
12/31/2020	Adjusting Enteries 12/31/2020		08/04/21	Jessica	\$102,929.00	
<b>Account</b>	00215-0001	Retained Earnings Balance				
12/31/2020	Adjusting Enteries 12/31/2020		08/04/21	Jessica	\$36,655.00	
<b>Account</b>	00232-0020	Net Pension Liability				
12/31/2020	Adjusting Enteries 12/31/2020		08/04/21	Jessica		\$255,552.00
<b>Account</b>	00232-0022	Deferred Inflows				
12/31/2020	Adjusting Enteries 12/31/2020		08/04/21	Jessica	\$82,780.00	
<b>Account</b>	00232-0023	Deferred Inflows-OPEB				
12/31/2020	Adjusting Enteries 12/31/2020		08/04/21	Jessica	\$15,038.00	
<b>Account</b>	00232-0024	OPEB Liability				
12/31/2020	Adjusting Enteries 12/31/2020		08/04/21	Jessica		\$130,200.00
<b>Account</b>	00604-0003	Retirement				
12/31/2020	Adjusting Enteries 12/31/2020		08/04/21	Jessica	\$46,275.00	
12/31/2020	Adjusting Enteries 12/31/2020		08/04/21	Jessica	\$15,615.00	
	<b>Number of Transactions</b>		2	<b>Account Totals</b>	\$61,890.00	\$0.00
	<b>Total Number of Transactions</b>		9	<b>Report Totals</b>	\$385,752.00	\$385,752.00

Big Sandy Water District  
General Journal Posting Audit

Trans. Date	Transaction Description	Reference Number	Entry Date	Entered By	Debit Amount	Credit Amount
<b>Account</b>	00141-0000 Customer Accounts Receivable					
12/31/2020	Adjusting Enteries 12/31/2020		08/04/21	Jessica	\$48,007.00	
<b>Account</b>	00142-0000 Other Accounts Receivable					
12/31/2020	Adjusting Enteries 12/31/2020		08/04/21	Jessica		\$177.00
<b>Account</b>	00461-0001 Metered Sales to Residential					
12/31/2020	Adjusting Enteries 12/31/2020		08/04/21	Jessica		\$47,830.00
<b>Total Number of Transactions</b>			<b>3</b>	<b>Report Totals</b>	<u>\$48,007.00</u>	<u>\$48,007.00</u>



Big Sandy Water District  
Posting Register

Trans. Date	Transaction Description	Reference Number	Entry Date	Entered By	Debit Amount	Credit Amount
<b>Account</b>	00141-0000 Customer Accounts Receivable					
12/31/2020	Adjusting Enteries 12/31/2020		08/04/21	Jessica	\$48,007.00	
<b>Account</b>	00142-0000 Other Accounts Receivable					
12/31/2020	Adjusting Enteries 12/31/2020		08/04/21	Jessica		\$177.00
<b>Account</b>	00461-0001 Metered Sales to Residential					
12/31/2020	Adjusting Enteries 12/31/2020		08/04/21	Jessica		\$47,830.00
<b>Total Number of Transactions</b>			<b>3</b>	<b>Report Totals</b>	<u>\$48,007.00</u>	<u>\$48,007.00</u>

**Big Sandy Water District**  
**General Journal Posting Audit**

Trans. Date	Transaction Description	Reference Number	Entry Date	Entered By	Debit Amount	Credit Amount
<b>Account</b>	00105-0010 Construction in Progress-Phase V					
12/31/2020	Adjusting Enteries		08/04/21	Jessica	\$8,714.00	
<b>Account</b>	00105-0011 Construction in Progress-Cunningham Hill					
12/31/2020	Adjusting Enteries		08/04/21	Jessica		\$8,714.00
<b>Account</b>	00108-0000 Accu Depr/Util Plt in Service					
12/31/2020	Adjusting Enteries		08/04/21	Jessica		\$472,540.00
<b>Account</b>	00133-0004 2007A Escrow Funds					
12/31/2020	Adjusting Enteries		08/04/21	Jessica		\$141,566.00
<b>Account</b>	00133-0005 2013C Escrow Funds					
12/31/2020	Adjusting Enteries		08/04/21	Jessica		\$150,893.00
<b>Account</b>	00133-0006 Other Special Deposits					
12/31/2020	Adjusting Enteries		08/04/21	Jessica		\$30,368.00
<b>Account</b>	00133-0007 2019 Escrow Funds					
12/31/2020	Adjustment enteries		08/04/21	Jessica		\$1,015,939.00
<b>Account</b>	00143-0001 Allowance for doubtful accounts					
12/31/2020	Adjusting Enteries		08/04/21	Jessica		\$10,747.00
<b>Account</b>	00151-0000 Plant Materials and Supplies					
12/31/2020	Adjusting Enteries		08/04/21	Jessica		\$105,276.00
<b>Account</b>	00164-0000 Other Current Asset					
12/31/2020	Adjustment enteries		08/04/21	Jessica		\$1,007.00
<b>Account</b>	00230-0000 Accrued Interest					
12/31/2020	Adjustment enteries		08/04/21	Jessica		\$6,741.00
<b>Account</b>	00231-0000 Accounts Payable					
12/31/2020	Adjusting Enteries		08/04/21	Jessica	\$108,351.00	
<b>Account</b>	00232-0001 Note Payable-USDA					
12/31/2020	Adjusting Enteries		08/04/21	Jessica	\$338,000.00	
<b>Account</b>	00232-0002 Note Payable USDA					
12/31/2020	Adjusting Enteries		08/04/21	Jessica	\$676,119.00	
<b>Account</b>	00232-0003 USDA-LCWD					
12/31/2020	Adjusting Enteries		08/04/21	Jessica	\$390,552.00	
<b>Account</b>	00232-0005 RUS Loan/ Law Co Phase II					
12/31/2020	Adjusting Enteries		08/04/21	Jessica		\$10,941.00
<b>Account</b>	00232-0009 KRWFC Loan/931,000					
12/31/2020	Adjusting Enteries		08/04/21	Jessica	\$463,000.00	
<b>Account</b>	00232-0015 KRWFC Loan/Refinancing					
12/31/2020	Adjusting Enteries		08/04/21	Jessica	\$75,000.00	
<b>Account</b>	00232-0016 Bond Premium					
12/31/2020	Adjusting Enteries		08/04/21	Jessica	\$5,263.00	
<b>Account</b>	00232-0017 2014 KRWFC Loan					
12/31/2020	Adjusting Enteries		08/04/21	Jessica	\$126,000.00	
<b>Account</b>	00232-0018 RD Loan/Ashland					
12/31/2020	Adjusting Enteries		08/04/21	Jessica		\$17,000.00
<b>Account</b>	00232-0019 Overland Development					
12/31/2020	Adjusting Enteries		08/04/21	Jessica		\$109,000.00
<b>Account</b>	00232-0025 KRWFC Interium Loan					
12/31/2020	Adjusting Enteries		08/04/21	Jessica	\$335,000.00	
<b>Account</b>	00236-0001 Retirement Payable					
12/31/2020	Adjusting Enteries		08/04/21	Jessica	\$5,429.00	

**Big Sandy Water District  
Posting Register**

Trans. Date	Transaction Description	Reference Number	Entry Date	Entered By	Debit Amount	Credit Amount
<b>Account</b>	00105-0010 Construction in Progress-Phase V					
12/31/2020	Adjusting Entries		08/04/21	Jessica	\$8,714.00	
<b>Account</b>	00105-0011 Construction in Progress-Cunningham Hill					
12/31/2020	Adjusting Entries		08/04/21	Jessica		\$8,714.00
<b>Account</b>	00108-0000 Accu Depr/Util Plt in Service					
12/31/2020	Adjusting Entries		08/04/21	Jessica		\$472,540.00
<b>Account</b>	00133-0004 2007A Escrow Funds					
12/31/2020	Adjusting Entries		08/04/21	Jessica		\$141,566.00
<b>Account</b>	00133-0005 2013C Escrow Funds					
12/31/2020	Adjusting Entries		08/04/21	Jessica		\$150,893.00
<b>Account</b>	00133-0006 Other Special Deposits					
12/31/2020	Adjusting Entries		08/04/21	Jessica		\$30,368.00
<b>Account</b>	00133-0007 2019 Escrow Funds					
12/31/2020	Adjustment entries		08/04/21	Jessica		\$1,015,939.00
<b>Account</b>	00143-0001 Allowance for doubtful accounts					
12/31/2020	Adjusting Entries		08/04/21	Jessica		\$10,747.00
<b>Account</b>	00151-0000 Plant Materials and Supplies					
12/31/2020	Adjusting Entries		08/04/21	Jessica		\$105,276.00
<b>Account</b>	00164-0000 Other Current Asset					
12/31/2020	Adjustment entries		08/04/21	Jessica		\$1,007.00
<b>Account</b>	00230-0000 Accrued Interest					
12/31/2020	Adjustment entries		08/04/21	Jessica		\$6,741.00
<b>Account</b>	00231-0000 Accounts Payable					
12/31/2020	Adjusting Entries		08/04/21	Jessica	\$108,351.00	
<b>Account</b>	00232-0001 Note Payable-USDA					
12/31/2020	Adjusting Entries		08/04/21	Jessica	\$338,000.00	
<b>Account</b>	00232-0002 Note Payable USDA					
12/31/2020	Adjusting Entries		08/04/21	Jessica	\$676,119.00	
<b>Account</b>	00232-0003 USDA-LCWD					
12/31/2020	Adjusting Entries		08/04/21	Jessica	\$390,552.00	
<b>Account</b>	00232-0005 RUS Loan/ Law Co Phase II					
12/31/2020	Adjusting Entries		08/04/21	Jessica		\$10,941.00
<b>Account</b>	00232-0009 KRWFC Loan/931,000					
12/31/2020	Adjusting Entries		08/04/21	Jessica	\$463,000.00	
<b>Account</b>	00232-0015 KRWFC Loan/Refinancing					
12/31/2020	Adjusting Entries		08/04/21	Jessica	\$75,000.00	
<b>Account</b>	00232-0016 Bond Premium					
12/31/2020	Adjusting Entries		08/04/21	Jessica	\$5,263.00	
<b>Account</b>	00232-0017 2014 KRWFC Loan					
12/31/2020	Adjusting Entries		08/04/21	Jessica	\$126,000.00	
<b>Account</b>	00232-0018 RD Loan/Ashland					
12/31/2020	Adjusting Entries		08/04/21	Jessica		\$17,000.00
<b>Account</b>	00232-0019 Overland Development					
12/31/2020	Adjusting Entries		08/04/21	Jessica		\$109,000.00
<b>Account</b>	00232-0025 KRWFC Interium Loan					
12/31/2020	Adjusting Entries		08/04/21	Jessica	\$335,000.00	
<b>Account</b>	00236-0001 Retirement Payable					
12/31/2020	Adjusting Entries		08/04/21	Jessica	\$5,429.00	

Big Sandy Water District  
General Journal Posting Audit

Trans. Date	Transaction Description	Reference Number	Entry Date	Entered By	Debit Amount	Credit Amount
<b>Account 00151-0000 Plant Materials and Supplies</b>						
12/31/2020	Adjustment Entries 12/31/2020		08/04/21	Jessica	\$105,276.00	
12/31/2020	Correction to adjustment		08/04/21	Jessica	\$105,276.00	
	<b>Number of Transactions</b>		2	<b>Account Totals</b>	\$210,552.00	\$0.00
<b>Account 00620-0001 Materials and Supplies/ Maint</b>						
12/31/2020	Adjustment Entries 12/31/2020		08/04/21	Jessica		\$105,276.00
12/31/2020	Correction to adjustment		08/04/21	Jessica		\$105,276.00
	<b>Number of Transactions</b>		2	<b>Account Totals</b>	\$0.00	\$210,552.00
	<b>Total Number of Transactions</b>		4	<b>Report Totals</b>	\$210,552.00	\$210,552.00

**Big Sandy Water District  
Posting Register**

Trans. Date	Transaction Description	Reference Number	Entry Date	Entered By	Debit Amount	Credit Amount
<b>Account</b>	00151-0000 Plant Materials and Supplies					
12/31/2020	Adjustment Entries 12/31/2020		08/04/21	Jessica	\$105,276.00	
12/31/2020	Correction to adjustment		08/04/21	Jessica	\$105,276.00	
	<b>Number of Transactions</b>		2	<b>Account Totals</b>	\$210,552.00	\$0.00
<b>Account</b>	00620-0001 Materials and Supplies/ Maint					
12/31/2020	Adjustment Entries 12/31/2020		08/04/21	Jessica		\$105,276.00
12/31/2020	Correction to adjustment		08/04/21	Jessica		\$105,276.00
	<b>Number of Transactions</b>		2	<b>Account Totals</b>	\$0.00	\$210,552.00
	<b>Total Number of Transactions</b>		4	<b>Report Totals</b>	\$210,552.00	\$210,552.00

\*Corrections Made after Phone Conference on Aug. 19, 21.

Joel agreed to the corrections. Big Sandy Water District

*JJ*

Posting Register

Trans. Date	Transaction Description	Reference Number	Entry Date	Entered By	Debit Amount	Credit Amount
<b>Account</b>	00108-0000	Accu Depr/Util Plt in Service				
12/31/2020	Correction to Adjustment		08/12/21	Jessica		\$2,481.00
<b>Account</b>	00350-0001	Utility Plant Acquisition Adjustment				
12/31/2020	Correction to Adjustment		08/12/21	Jessica	\$2,481.00	
<b>Total Number of Transactions</b>			<b>2</b>	<b>Report Totals</b>	<b>\$2,481.00</b>	<b>\$2,481.00</b>

**Big Sandy Water District  
Posting Register**

Trans. Date	Transaction Description	Reference Number	Entry Date	Entered By	Debit Amount	Credit Amount
<b>Account</b> 12/31/2020	00130-0000 Cash Investment Acct adjustment		08/12/21	Jessica	\$0.03	
<b>Account</b> 12/31/2020	00133-0006 Other Special Deposits adjustment		08/12/21	Jessica	\$0.44	
<b>Account</b> 12/31/2020	00142-0000 Other Accounts Receivable adjustment		08/12/21	Jessica	\$0.26	
<b>Account</b> 12/31/2020	00164-0000 Other Current Asset adjustment		08/12/21	Jessica		\$0.44
<b>Account</b> 12/31/2020	00215-0001 Retained Earnings Balance Adjustment		08/12/21	Jessica		\$1.28
<b>Account</b> 12/31/2020	00232-0002 Note Payable USDA adjustment		08/12/21	Jessica	\$0.35	
<b>Account</b> 12/31/2020	00232-0003 USDA-LCWD adjustment		08/12/21	Jessica	\$0.46	
<b>Account</b> 12/31/2020	00232-0005 RUS Loan/ Law Co Phase II adjustment		08/12/21	Jessica	\$0.18	
<b>Total Number of Transactions</b>			<b>8</b>	<b>Report Totals</b>	<u>\$1.72</u>	<u>\$1.72</u>

Big Sandy Water District  
General Journal Posting Audit

Trans. Date	Transaction Description	Reference Number	Entry Date	Entered By	Debit Amount	Credit Amount
<b>Account</b>	00131-0014 City National Bank O & M					
12/31/2020	voided check adjustment		08/12/21	Jessica		\$226.29
<b>Account</b>	00141-0000 Customer Accounts Receivable					
12/31/2020	voided check adjustment		08/12/21	Jessica	\$36.21	
<b>Account</b>	00235-0000 Customer Deposits					
12/31/2020	voided check adjustment		08/12/21	Jessica	\$190.08	
<b>Account</b>	00131-0014 City National Bank O & M					
01/01/2021	corrected voided check adjustment		08/12/21	Jessica	\$226.29	
<b>Account</b>	00141-0000 Customer Accounts Receivable					
01/01/2021	corrected voided check adjustment		08/12/21	Jessica		\$36.21
<b>Account</b>	00235-0000 Customer Deposits					
01/01/2021	corrected voided check adjustment		08/12/21	Jessica		\$190.08
<b>Total Number of Transactions</b>			<b>6</b>	<b>Report Totals</b>	<b>\$452.58</b>	<b>\$452.58</b>



Big Sandy Water District  
Posting Register

Trans. Date	Transaction Description	Reference Number	Entry Date	Entered By	Debit Amount	Credit Amount
<b>Account</b> 12/31/2020	00131-0014 City National Bank O & M voided check adjustment		08/12/21	Jessica		\$226.29
<b>Account</b> 12/31/2020	00141-0000 Customer Accounts Receivable voided check adjustment		08/12/21	Jessica	\$36.21	
<b>Account</b> 12/31/2020	00235-0000 Customer Deposits voided check adjustment		08/12/21	Jessica	\$190.08	
<b>Account</b> 01/01/2021	00131-0014 City National Bank O & M corrected voided check adjustment		08/12/21	Jessica	\$226.29	
<b>Account</b> 01/01/2021	00141-0000 Customer Accounts Receivable corrected voided check adjustment		08/12/21	Jessica		\$36.21
<b>Account</b> 01/01/2021	00235-0000 Customer Deposits corrected voided check adjustment		08/12/21	Jessica		\$190.08
<b>Total Number of Transactions</b>			<b>6</b>	<b>Report Totals</b>	<b>\$452.58</b>	<b>\$452.58</b>

## BIG SANDY WATER DISTRICT

### Response to Commission Staff's First Request for Information Case No. 2022-00044

Question No. 3

Responding Witness: Jessica Sexton

**Q-3. Refer to Application, Exhibit C, Attachment SAO-W, Statement of Adjusted Operations, References, Adjustment J, Materials and Supplies. Provide a list of the entries in general ledger accounts 00620-000, 00620-001, and 00620-002 that are included in the adjustment of \$99,142.40.**

A-3. No entries are reflected in the 2020 General Ledger for the two adjustments included in Adjustment J.

Prior to the filing of its current rate application, Big Sandy Water District did not maintain a separate record of the expenses associated with each meter connection and did not capitalize the cost of the meter expenses. An adjustment for ratemaking purposes was necessary but no adjustment was made in the District's test period accounting records. Entries were made in the 2021 General Ledger to reflect the capitalization of these expenses for calendar year 2020 and 2021. Big Sandy Water District is currently capitalizing the materials and labor expenses incurred for the meter connections.

During the preparation of its application for rate adjustment, Big Sandy Water District discovered that it had not properly recorded the cost of meters purchased and installed as part of its meter change-out effort to comply with the meter testing and inspection requirements of 807 KAR 5:066, Section 16. Based upon the advice of Big Sandy Water District's auditor, entries were made to the District's 2021 General Ledger to properly record the purchase and installation.

For the entries reflecting adjustment noted in Attachment SAO-W, Reference J, see Excel Spreadsheet PSCDR\_1-3\_GeneralLedgerEntries.xls. The entries labelled "Year End Meter Adjustment" reflect the adjustments and were enter into the 2021 General Ledger. Excel Spreadsheet PSCDR\_1-3\_GeneralLedgerEntries.xls is embedded in this Response and has also been filed separately with this Response.

**BIG SANDY WATER DISTRICT**

**Response to Commission Staff's First Request for Information  
Case No. 2022-00044**

Question No. 4

Responding Witness: Jessica Sexton

- Q-4. Refer to Application, Exhibit D, Attachment RR-DC, Revenue Requirement Calculation – Debt Coverage Method. One of the notes references McCreary County Water District. Confirm that it should reference Big Sandy District.**
- A-4. A revised Exhibit D was filed with the Public Service Commission on May 23, 2022. A copy is attached as Attachment 4. The reference to McCreary County Water District was in error and has been deleted from the revised version. The revised exhibit also reflects a revised debt coverage requirement. The original Exhibit D incorrectly stated Big Sandy Water District's Average Annual Debt Principal and Interest Payment and Debt Coverage Requirement. As a result of this correction, Big Sandy Water District's Required Revenue Increase is \$215,619, or \$41,992 higher than previously stated.

# **ATTACHMENT 4**

**REVISED****REVENUE REQUIREMENT CALCULATION - DEBT COVERAGE METHOD**

Pro forma Operating Expenses	\$2,564,455.87
Plus: Average Annual Debt Principal and Interest Payment*	333,528.76
Debt Coverage Requirement**	<u>66,705.75</u>
Total Revenue Requirement	\$2,964,690.39
Less: Other Operating Revenue	110,948.93
Non-Operating Revenue	0
Interest Income	<u>751.00</u>
Revenue Required from Rates	\$2,852,990.46
Less: Revenue from Sales at Present Rates	<u>\$2,637,371.00</u>
Required Revenue Increase	<u>\$ 215,619.46</u>
<b>Required Retail Revenue Increase stated as a Percentage of Revenue at Present Retail Rates</b>	<b>8.18</b>

\*Average was based upon a 5-year average of debt principal and interest payments for the current year and the four years following the submission of the application for rate adjustment (2022-2026).

\*\*A debt service coverage of 20 percent is used.

**BIG SANDY WATER DISTRICT**

**Response to Commission Staff's First Request for Information  
Case No. 2022-00044**

Question No. 5

Responding Witness: Jessica Sexton

**Q-5. Refer to Application, Exhibit I, Debt Service Requirements. Confirm that the principal payments for "KRWFC 2013" are excluded from Total Principal and Cash Payments for each year.**

A-5. Confirmed. Due to an error in a formula in Worksheet "DebtServiceRequirements" in Excel Workbook "01\_RateCalculationWorksheet" principal payments for KRWFC 2013 were excluded from Total Principal and Cash Payments for each year in Exhibit I. Big Sandy Water District filed with the Public Service Commission a Revised Exhibit I and a revised "01\_RateCalculationWorksheet" (entitled "01\_RateCalculationWorksheet\_Revised") on May 23, 2022 correcting the error. A copy of Revised Exhibit I is attached to this response as Attachment 5. A copy of "01\_RateCalculationWorksheet\_Revised" is embedded in this Response and is also filed separately with this Response.

# **ATTACHMENT 5**

REVISED

DEBT SERVICE REQUIREMENTS

	RD 2014A		RD 2014B		RD 2020A		RD 2020B		KRWFC 2013		KRWFC 2020A_Original		KRWFC 2020A_Suppl		Total		Cash Payments
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2023	18,500	25,419	1,500	3,372	22,000	24,240	6,000	5,715	60,000	8,310	105,000	44,298	20,000	14,688	233,000	126,041	359,041
2024	19,000	24,901	2,000	3,315	23,000	23,903	6,000	5,625	25,000	6,270	115,000	38,838	20,000	13,648	210,000	116,500	326,500
2025	19,500	24,372	2,000	3,250	24,000	23,550	6,000	5,535	30,000	5,025	120,000	32,858	20,000	12,608	221,500	107,198	328,698
2026	20,000	23,829	2,000	3,185	25,000	23,183	6,500	5,441	30,000	3,923	125,000	26,618	20,000	11,568	228,500	97,746	326,246
2027	20,500	23,272	2,000	3,120	25,000	22,808	6,500	5,344	30,000	2,970	130,000	20,118	25,000	10,528	239,000	88,159	327,159

5-year Total: \$ 1,667,644  
 Annual Average: \$ 333,529  
 Coverage: \$ 66,706



**BIG SANDY WATER DISTRICT**

**Response to Commission Staff's First Request for Information  
Case No. 2022-00044**

Question No. 6

Responding Witness: Jessica Sexton

**Q-6. Refer to Application, Exhibit O-1.**

- a. Provide supporting documentation for year-end adjustment #4 to account 00610-0000, Purchased Water, for \$108,351.00 that was posted on August 4, 2021.**
- b. Provide copies of invoices for payments to Sisler-Maggard Engineering for check numbers 22410, 22459, 22505, 22562, 2878, 2886, 2887, and 2890 totaling \$79,398.92 that were charged to account 00631-0000, Contractual Services Engineering. State whether each payment is for a singular activity or a component of a larger project.**
- c. Provide copies of invoices for payments to Stoll Keenon Ogden PLC for check numbers 22534, 22550, 26679, 22756, 22811, and 22865 that were charged to account 00633-0000, Contractual Services Legal. State whether each payment is for a singular activity or a component of a larger project.**
- d. State what services were provided by "Roger W Hall" for which 12 payments of \$500 each were charged to account 00633-0000. Provide any invoices or supporting records that indicate the services provided.**
- e. Provide copies of invoices for payment to United Systems & Software for check number 22543 for \$5,595 that was charged to account 00636-0000. State whether the payment is for a singular activity or a component of a larger project.**
- f. Provide copies of invoices for payments to Neptune Equipment Company for check numbers 22558 for \$5,272 and 22993 for \$12,630.18 that were charged to account 00636-0000. State whether each payment is for a singular activity or a component of a larger project.**
- g. Provide copies of invoices for payments to Micro-Comm for check numbers 22603 in the amount of \$9,575 and 2885 in the amount of \$10,332.40 that were charged to account 00636-0000. State whether each payment is for a singular activity or a component of a larger project.**
- h. Provide copies of invoices for payment to Kirkland for check number 2880 for \$1,960 that was charged to account 00636-0000. State whether payment is for a singular activity or a component of a larger project.**

- i. Provide supporting documentation for year-end credit adjustment #9 to account 00620-0001, Materials & Supplies, for \$105,276 that was posted on August 4, 2021.**

- Q-6.
  - a. See Attachment 6a.
  - b. See Attachment 6b.
  - c. See Attachment 6c.
  - d. See Attachment 6d. Mr. Hall served as local legal counsel to Big Sandy Water District and provided general legal services. As part of his duties, he attended the meetings of Big Sandy Water District's Board of Commissioners.
  - e. See Attachment 6e.
  - f. See Attachment 6f.
  - g. See Attachment 6g.
  - h. See Attachment 6h.
  - i. See Attachment 6i.

# **ATTACHMENT 6a**

#6 (a)

Big Sandy Water District  
Payables  
12/31/2020

JDL  
062321

Inspect > \$5,000

**Disbursements**

Account #	Check #	Amount	
615-0			
610-1			
610-1	23054	56,858.37	
610-1	23042	49,488.23	1.93
620-1			
620-0			
659-0			
676-8			
420-0			
678-0			
650-1			
631-0			
Total		<u>\$ 106,346.60</u>	

A review of disbursements > \$10,000 through June 23, 2021 revealed no material unrecorded payables

610-000

**Accounts Payable**

Account #	Totals	Accrued	Difference
620-0	\$ -	\$ -	\$ -
610-1	106,346.60	214,698.00	(108,351.40)
615-0	-	-	-
taxes	-	-	-
635-0	-	-	-
650-2	-	-	-
675-5	-	-	-
620-1	-	-	-
678-0	-	-	-
676-6	-	-	-
< \$500	-	-	-
Totals	\$ 106,346.60	\$ 214,698.00	\$ 108,351.40
	<b>WTB</b>		<b>AJE</b>

**Conclusion**

Will accept all differences < \$5000

All material payables recorded and properly classified.

**JDL 062321**

# **ATTACHMENT 6b**

**Big Sandy Water District  
PSC Requested Information  
Item 6 b. Sisler-Maggard Engineering  
Case No. 2022-00044**

<b>Check #</b>	<b>Invoice#</b>	<b>Amount</b>	<b>Description of Payment</b>	<b>Account # Charged</b>
22410	19025-4	\$ 195.00	Component of Larger Project	00631-0000
22410	19051-1	\$ 435.00	Singular Activity	00631-0000
22459	19051-2	\$ 591.25	Singular Activity	00631-0000
22505	15030 AA-2	\$ 4,241.25	Component of Larger Project	00631-0000
22562	15030 AA-3	\$ 1,897.50	Component of Larger Project	00631-0000
2878	15030-36	\$ 5,710.92	Component of Larger Project	00631-0000
2886	15030-37	\$ 6,832.35	Component of Larger Project	00631-0000
2887	15030-38	\$ 56,886.00	Component of Larger Project	00631-0000
2890	15030-39	\$ 2,804.55	Component of Larger Project	00631-0000
Total		\$ 79,593.82		

**BIG SANDY WATER DISTRICT**

**022410**

Vendor Voucher Number	SISLER Invoice Number	Sisler-Maggard Engineering Invoice Number	Invoice Date	Invoice Amount	Amount Paid	Discount Taken	Net Amount
015943	19025-4		01/22/2020	\$195.00	\$195.00	\$0.00	\$195.00
	00675-0000			\$195.00	\$195.00	\$0.00	\$195.00
015944	19051-1		01/22/2020	\$435.00	\$435.00	\$0.00	\$435.00
	00631-0000			\$435.00	\$435.00	\$0.00	\$435.00
						Check Total	\$630.00

Check Date 01/22/2020 Check Number 22410



**SISLER-MAGGARD ENGINEERING, PLLC**

220 EAST REYNOLDS ROAD, SUITE A3

LEXINGTON, KY 40517

(859) 271-2978

Fax (859) 271-5670

**December 17, 2019**

BIG SANDY WATER DISTRICT

18200 S.R. NO. 3

CATLETTSBURG, KY 41129

**In re: Big Sandy Water District**

**SME No.: 19025 – PSC REPORT**

**Invoice No. 19025-4**

Dates of service: Through 12/13/2019

Research, Investigation & Mapping and Review of all Documents & Orders

Principal Engineer – 1 ½ hours x \$125.00/hour = \$ 187.50

Copying - 50 pages x .15¢ per page = \$ 7.50

TOTAL = \$ 195.00

**PLEASE REMIT TO: 220 E. REYNOLDS RD., A-3  
LEXINGTON, KY 40517**





**SISLER-MAGGARD ENGINEERING, PLLC**

220 EAST REYNOLDS ROAD, SUITE A3

LEXINGTON, KY 40517

(859) 271-2978

Fax (859) 271-5670

**December 17, 2019**

**BIG SANDY WATER DISTRICT**

18200 S.R. NO. 3

CATLETTSBURG, KY 41129

**In re: Big Sandy Water District**

**SME No.: 19051 – Lawrence Co/Top of the World Rd –  
Waterline Extension**

**Invoice No. 19051-1**

**Dates of service: Through 12/13/2019**

**Preparation and Preliminary Design & Specifications**

Principal Engineer – 2 hours x \$125.00/hour =	\$	250.00
Sr. Specialist – 1 hour x \$55.00 =	\$	55.00
Sr. CADD – 1 hour X \$47.50 =	\$	47.50
Clerk/Typist = 1 ½ hours x \$40.00/hour =	\$	60.00
Copying - 150 pages x .15¢ per page =	\$	<u>22.50</u>
<b>TOTAL =</b>	<b>\$</b>	<b>435.00</b>

**PLEASE REMIT TO: 220 E. REYNOLDS RD., A-3  
LEXINGTON, KY 40517**

**BIG SANDY WATER DISTRICT**

**022459**

Check Date 02/20/2020 Check Number 22459

Vendor	SISLER	Sisler-Maggard Engineering	Invoice Date	Invoice Amount	Amount Paid	Discount Taken	Net Amount
Voucher Number	Invoice Number						
016044	19051-2		02/20/2020	\$591.25	\$591.25	\$0.00	\$591.25
	00631-0000			\$591.25	\$591.25	\$0.00	\$591.25
						Check Total	\$591.25



**SISLER-MAGGARD ENGINEERING, PLLC**  
220 EAST REYNOLDS ROAD, SUITE A3  
LEXINGTON, KY 40517  
(859) 271-2978  
Fax (859) 271-5670

**February 13, 2020**

**BIG SANDY WATER DISTRICT**  
18200 S.R. NO. 3  
CATLETTSBURG, KY 41129

**In re: Big Sandy Water District**  
**SME No.: 19051 – Lawrence Co/Top of the World Rd –**  
**Waterline Extension**  
**Invoice No. 19051-2**

**Dates of service: Through 01/31/2020**

**Preparation and Preliminary Design & Specifications**

Principal Engineer – 1 hours x \$125.00/hour =	\$	125.00
Sr. Specialist – 2 hour x \$55.00 =	\$	110.00
Sr. CADD – 7.5 hour X \$47.50 =	\$	<u>356.25</u>
<b>TOTAL = \$</b>		<b>591.25</b>

*Terress*  
*This is part of*  
*Bill Debasie of*  
*the Law. Co.*

*Joe*

**REYNOLDS RD., A-3**  
**LEXINGTON, KY 40517**

**BIG SANDY WATER DISTRICT****022505**

Vendor	SISLER	Sisler-Maggard Engineering	Check Date	03/19/2020	Check Number	22505		
Voucher Number	Invoice Number		Invoice Date	Invoice Amount	Amount Paid	Discount Taken		Net Amount
016151	15030 AA-2		03/19/2020	\$4,241.25	\$4,241.25	\$0.00		\$4,241.25
	00631-0000			\$4,241.25	\$4,241.25	\$0.00		\$4,241.25
						Check Total		\$4,241.25



**SISLER-MAGGARD ENGINEERING, PLLC**  
220 EAST REYNOLDS ROAD, SUITE A3  
LEXINGTON, KY 40517  
(859) 271-2978  
Fax (859) 271-5670

**March 17, 2020**

BIG SANDY WATER DISTRICT  
18200 S.R. NO. 3  
CATLETTSBURG, KY 41129

**In re: Big Sandy Water District**  
**SME No.: 15030 AA – Old System Re-Mapping**  
**Invoice No. 15030 AA-2**

**Dates of service: Through 02/28/2020**

**Research and Mapping**

Principal Engineer – 1 hour x \$125.00/hour =	\$ 125.00
Sr. Specialist – 1 hour x \$55.00/hour =	\$ 55.00
Sr. CADD – 85.5 hours x \$47.50/hour =	<u>\$ 4,061.25</u>

**TOTAL = \$ 4,241.25**

*Paul*  
*Please sign*  
*our copy*

**PLEASE REMIT TO: 220 E. REYNOLDS RD., A-3**  
**LEXINGTON, KY 40517**

**BIG SANDY WATER DISTRICT**

**022562**

Check Date 04/22/2020 Check Number 22562

Vendor	SISLER	Sisler-Maggard Engineering	Invoice Date	Invoice Amount	Amount Paid	Discount Taken	Net Amount
016266			04/22/2020	\$1,897.50	\$1,897.50	\$0.00	\$1,897.50
				\$1,897.50	\$1,897.50	\$0.00	\$1,897.50
						Check Total	\$1,897.50



**SISLER-MAGGARD ENGINEERING, PLLC**  
220 EAST REYNOLDS ROAD, SUITE A3  
LEXINGTON, KY 40517  
(859) 271-2978  
Fax (859) 271-5670

**April 17, 2020**

**BIG SANDY WATER DISTRICT**  
18200 S.R. NO. 3  
CATLETTSBURG, KY 41129

**In re: Big Sandy Water District**  
**SME No.: 15030 AA – Old System Re-Mapping**  
**Invoice No. 15030 AA-3**

**Dates of service: Through 04/15/2020**

**Research and Mapping**

Principal Engineer – 1 hour x \$125.00/hour =	\$ 125.00
Sr. Specialist – 2 hours x \$55.00/hour =	\$ 110.00
Sr. CADD – 35 hours x \$47.50/hour =	<u>\$ 1,662.50</u>

**TOTAL = \$ 1,897.50**

\_\_\_\_\_  
*CHAIRMAN*

**PLEASE REMIT TO: 220 E. REYNOLDS RD., A-3**  
**LEXINGTON, KY 40517**

City National Bank-Construction Account

70025556

131-94

General Ledger Account—Credit 131-94

Electronic- 2878

Date: 9/17/20

Check Written To: Sister-Maggard Eng

Amount: \$ 5710.92

# 1503036

Purpose:

Computer Account Number

General Ledger Debit 10510



SISLER-MAGGARD ENGINEERING, PLLC.  
 ENGINEERING SURVEYING  
 220 East Reynolds Road, Suite A3  
 LEXINGTON, KY 40517  
 (859) 271-2978  
 Fax (859) 271-5670



DATE: September 10, 2020  
 INVOICE NO.: 15030-36  
 Sheet 1 of 2

SERVICE FOR:

BIG SANDY WATER DISTRICT  
 18200 S.R. NO. 3  
 CATLETTSBURG, KY 41129

JOB DESIGNATION:

WATER SYSTEM IMPROVEMENTS  
 PHASE V

CONTRACT DATE: February 19, 2016

DESCRIPTION OF WORK

EXHIBIT C: BASIC SERVICES

ARTICLE 4- PAYMENTS TO THE ENGINEER

Fee Per RD1942-19 Table (1/31/05) = Actual Construction/Design Cost = **\$2,316,874.74** \*\*See Below  
 $\$2,316,874.74 \times 7.546\% = \$174,831.3$  USE **\$174,800.00**

C2.01 FOR BASIC DESIGN

	Fee	Percent Complete	Earned To Date	Previous Earnings	This Period
1. Study and Report Phase - P.E.R.	\$12,000.00	100.00%	\$12,000.00	\$12,000.00	\$0.00
<b>TOTAL SECTION A</b>	<b>\$12,000.00</b>	<b>100.00%</b>	<b>\$12,000.00</b>	<b>\$12,000.00</b>	<b>\$0.00</b>
A2a - PRELIMINARY DESIGN PHASE					
C2.01 ONE CONTRACT	Fee	Percent Complete	Earned To Date	Previous Earnings	This Period
B. Preliminary Design - 15%	\$26,220.00	100.00%	\$26,220.00	\$26,220.00	\$0.00
C. Final Design - 55%	\$96,140.00	100.00%	\$96,140.00	\$96,140.00	\$0.00
D. Bidding & Negot. - 10%	\$17,480.00	100.00%	\$17,480.00	\$17,480.00	\$0.00
E. Constr. Phase - 15%	\$26,220.00	90.65%	\$23,768.43	\$22,824.51	\$943.92
F. Closeout - 5%	\$8,740.00	40.00%	\$3,496.00	\$2,185.00	\$1,311.00
<b>TOTAL C2.01 B thru F</b>	<b>\$174,800.00</b>	<b>95.60%</b>	<b>\$167,104.43</b>	<b>\$164,849.51</b>	<b>\$2,254.92</b>
<b>TOTAL FOR BASIC DESIGN</b>	<b>\$186,800.00</b>	<b>95.60%</b>	<b>\$179,104.43</b>	<b>\$176,849.51</b>	<b>\$2,254.92</b>

DESCRIPTION OF WORK

EXHIBIT C: BASIC SERVICES

ARTICLE 4- PAYMENTS TO THE ENGINEER

Fee Per RD1942-19 Table (1/31/05) = Actual Construction Cost = **\$2,147,864.74** \*\*\*See Below  
 $\$2,147,864.74 \times 4.47\% = \$96,009.55$  USE **\$96,000.00**

C2.04 A.1 RESIDENT PROJECT

REPRESENTATIVE SERVICES

	Fee	Percent Complete	Earned To Date	Previous Earnings	This Period
RESIDENT INSPECTION	\$96,000.00	90.65%	\$87,024.00	\$83,568.00	\$3,456.00
<b>TOTAL RPR-3 INSPECTION</b>	<b>\$96,000.00</b>	<b>90.65%</b>	<b>\$87,024.00</b>	<b>\$83,568.00</b>	<b>\$3,456.00</b>
C2.05 SPECIFIC ADD'L SRVS.					
A. Surveying	\$4,000.00	100.00%	\$4,000.00	\$4,000.00	\$0.00
B. Permits	\$3,000.00	100.00%	\$3,000.00	\$3,000.00	\$0.00
C. Easements & Acquisitions	\$6,000.00	100.00%	\$6,000.00	\$6,000.00	\$0.00
D. Environmental	\$10,000.00	100.00%	\$10,000.00	\$10,000.00	\$0.00
E. Mechanical/Electrical Engineer Sub (Bldg.)	\$9,000.00	100.00%	\$9,000.00	\$9,000.00	\$0.00
F. Architectural Sub (Bldg.)	\$7,000.00	100.00%	\$7,000.00	\$7,000.00	\$0.00
G. Structural Engineer Sub (Bldg.)	\$6,000.00	100.00%	\$6,000.00	\$6,000.00	\$0.00
H. Miscellaneous/Project Admin for District	\$18,000.00	96.00%	\$17,280.00	\$17,280.00	\$0.00
<b>TOTAL C2.05 SPEC. ADD'L</b>	<b>\$63,000.00</b>		<b>\$62,280.00</b>	<b>\$62,280.00</b>	<b>\$0.00</b>
<b>TOTAL CONTRACT</b>	<b>\$345,800.00</b>	<b>94.97%</b>	<b>\$328,408.43</b>	<b>\$322,697.51</b>	<b>\$5,710.92</b>

TOTAL NOW DUE

**\$5,710.92**

\* SME # 16017 Tank Repair investigation (credit allowed) (\$1,070.00)

DESIGN		INSPECTION			
**Actual Construction Cost		Through Change order #			
Contract F-1	\$580,790.00	C.O. #7	\$580,790.00	BIG SANDY WATER DISTRICT	DATE
Contract G-1	\$232,400.00	C.O. #2	\$232,400.00		DATE
Contract H-1	\$820,225.41	C.O. #4	\$820,225.41		DATE
Contract I-1	\$464,349.33	C.O. #3	\$464,349.33		DATE
	<u>\$2,097,764.74</u>		<u>\$2,097,764.74</u>		***
Cunningham Hill P.S.	\$36,890.00	N/A	\$36,890.00	USDA - Rural Development	DATE
Stream Crossings (2)	\$76,200.00	N/A	\$76,200.00		
Septic Tank/Drain Field	\$7,810.00	N/A	\$7,810.00		
	<u>\$2,218,664.74</u>				

\*\*\* (Fee based on only Construction observed by SME)

Engineering Fee Calculations

Invoice # 35

	Bid Amount w/C.O.	Complete to Date	Due	% Complete
Contract F-1 Pay Request #6	\$ 580,790.00 *	\$ 580,790.00	\$ -	100.00%
Contract G-1 Pay Request #7	\$ 232,400.00	\$ 232,260.00	\$ -	98.00%
Contract H-1 Pay Request #8	\$ 820,225.41 *	\$ 651,694.89	\$ 75,768.68	75.48%
Contract I-1 Pay Request #8	\$ 464,349.33 *	\$ 425,518.34	\$ -	91.64%
	<b>\$ 2,097,764.74</b>	<b>\$ 1,890,263.23</b>	<b>\$ 75,768.68</b>	<b>90.11%</b>

By District

Cunningham Hill P.S.	\$ 36,890.00	\$ 36,890.00		100.00%
BSWD Stream Crossings	\$ 76,200.00	\$ 76,200.00		100.00%
Septic Tank/Drain Field	\$ 7,810.00	\$ 7,810.00	\$ 1,100.00	100.00%
Drive through announcer	\$ -	\$ -	\$ 1,960.00	100.00%
	<b>\$ 120,900.00</b>	<b>\$ 120,900.00</b>		
	<b>\$ 2,218,664.74</b>	<b>\$ 2,011,163.23</b>	<b>\$ 3,060.00</b>	<b>90.65%</b>

PROJECT

Contract F-1

Original Contract	\$ 674,400.00
Change Order #1	(\$20,000.00)
Change Order #2	(\$5,690.00)
Change Order #3	(\$17,820.00)
Change Order #4	time only
Change Order #5	time only
Change Order #6	(\$6,400.00)
Change Order #7	(\$43,700.00)
	<b>\$ 580,790.00 *</b>

Contract G-1

Original Contract	\$ 237,000.00
Change Order #1	\$ (1,000.00)
Change Order #2	\$ (3,600.00)
	<b>\$ 232,400.00</b>

Contract H-1

Original Contract	\$ 778,295.00
Change Order #1	\$ 2,000.00
Change Order #2	\$ 13,200.00
Change Order #3	\$ (47,857.09)
Change Order #4	\$ 74,587.50
	<b>\$ 820,225.41 *</b>

Contract I-1

Original Contract	\$ 436,153.00
Change Order #1	\$ 22,439.95
Change Order #2	\$ 1,397.25
Change Order #3	\$ 4,359.13
Change Order #4	\$ -
	<b>\$ 464,349.33 *</b>

**City National Bank-Construction Account**  
**70025556**  
**131-94**

General Ledger Account—Credit 131-94

Electronic

Date: 10/24/2020

Check Written To: Sisler-Maggard

Amount: \$ 6,832.35

#2886

Purpose:

Computer Account Number  
General Ledger Debit

BIG SANDY WATER DISTRICT  
CONSTRUCTION ACCOUNT

18200 STATE ROUTE 3  
CATELETTSBURG, KY 41129

73-8271421

2886

DATE 10/24/2020

\$ 6,822.35

PAY TO Sisler-Maggard  
THE ORDER OF Six Thousand Eight Hundred Thirty Two & 35/100 DOLLARS

Town Square Bank

9431 U.S. 60  
ASHLAND, KY 41102

MEMO

*David R. Cisler*  
PUNDED SHOPPING

FEDERAL RESERVE BOARD  
REGULATIONS  
Article 16 - Payment of checks  
Article 17 - Payment of drafts  
Article 18 - Payment of money orders  
Article 19 - Payment of cashier's checks  
Article 20 - Payment of bank checks  
Article 21 - Payment of government checks  
Article 22 - Payment of other checks  
Article 23 - Payment of other drafts  
Article 24 - Payment of other money orders  
Article 25 - Payment of other cashier's checks  
Article 26 - Payment of other bank checks  
Article 27 - Payment of other government checks  
Article 28 - Payment of other other checks  
Article 29 - Payment of other other drafts  
Article 30 - Payment of other other money orders  
Article 31 - Payment of other other cashier's checks  
Article 32 - Payment of other other bank checks  
Article 33 - Payment of other other government checks  
Article 34 - Payment of other other other checks  
Article 35 - Payment of other other other drafts  
Article 36 - Payment of other other other money orders  
Article 37 - Payment of other other other cashier's checks  
Article 38 - Payment of other other other bank checks  
Article 39 - Payment of other other other government checks  
Article 40 - Payment of other other other other checks  
Article 41 - Payment of other other other other drafts  
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Article 44 - Payment of other other other other bank checks  
Article 45 - Payment of other other other other government checks  
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Article 51 - Payment of other other other other other government checks  
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Article 53 - Payment of other other other other other other drafts  
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Article 56 - Payment of other other other other other other bank checks  
Article 57 - Payment of other other other other other other government checks  
Article 58 - Payment of other other other other other other other checks  
Article 59 - Payment of other other other other other other other drafts  
Article 60 - Payment of other other other other other other other money orders  
Article 61 - Payment of other other other other other other other cashier's checks  
Article 62 - Payment of other other other other other other other bank checks  
Article 63 - Payment of other other other other other other other government checks  
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Article 65 - Payment of other other other other other other other other drafts  
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Article 69 - Payment of other other other other other other other other government checks  
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Article 71 - Payment of other other other other other other other other other drafts  
Article 72 - Payment of other other other other other other other other other money orders  
Article 73 - Payment of other other other other other other other other other cashier's checks  
Article 74 - Payment of other other other other other other other other other bank checks  
Article 75 - Payment of other other other other other other other other other government checks  
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Article 77 - Payment of other other other other other other other other other other drafts  
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Article 86 - Payment of other other other other other other other other other other other bank checks  
Article 87 - Payment of other other other other other other other other other other other government checks  
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Article 89 - Payment of other other other other other other other other other other other other drafts  
Article 90 - Payment of other other other other other other other other other other other other money orders  
Article 91 - Payment of other other other other other other other other other other other other cashier's checks  
Article 92 - Payment of other other other other other other other other other other other other bank checks  
Article 93 - Payment of other other other other other other other other other other other other government checks  
Article 94 - Payment of other other other other other other other other other other other other other checks  
Article 95 - Payment of other other other other other other other other other other other other other drafts  
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Article 98 - Payment of other other other other other other other other other other other other other bank checks  
Article 99 - Payment of other other other other other other other other other other other other other government checks  
Article 100 - Payment of other other other other other other other other other other other other other other checks

Whitaker Bank 64  
>042104168< 60015538  
2020-10-27 10563339408  
654427

DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE  
RESERVED FOR FINANCIAL INSTITUTION USE \*

ENDORSE PAY TO THE ORDER OF  
WHITAKER BANK, N.A.  
LEXINGTON, KENTUCKY 40508  
042104168  
FOR DEPOSIT ONLY  
SISLER-MAGGARD ENGINEERING, PLC  
60015538



SERVICE FOR:

BIG SANDY WATER DISTRICT  
 18200 S.R. NO. 3  
 CATLETTSBURG, KY 41129

JOB DESIGNATION:

WATER SYSTEM IMPROVEMENTS  
 PHASE V

CONTRACT DATE: February 19, 2016

DESCRIPTION OF WORK

EXHIBIT C: BASIC SERVICES

ARTICLE 4- PAYMENTS TO THE ENGINEER

Fee Per RD1942-19 Table (1/31/05) = Actual Construction/Design Cost = \$2,316,874.74 \*\*See Below  
 \$2,316,874.74 x 7.546% = \$174,831.3 USE \$174,800.00

C2.01 FOR BASIC DESIGN

	Fee	Percent Complete	Earned To Date	Previous Earnings	This Period
1. Study and Report Phase - P.E.R.	\$12,000.00	100.00%	\$12,000.00	\$12,000.00	\$0.00
<b>TOTAL SECTION A</b>	<b>\$12,000.00</b>	<b>100.00%</b>	<b>\$12,000.00</b>	<b>\$12,000.00</b>	<b>\$0.00</b>
A2a - PRELIMINARY DESIGN PHASE					
C2.01 ONE CONTRACT	Fee	Percent Complete	Earned To Date	Previous Earnings	This Period
B. Preliminary Design - 15% *	\$26,220.00	100.00%	\$26,220.00	\$26,220.00	\$0.00 *
C. Final Design - 55%	\$96,140.00	100.00%	\$96,140.00	\$96,140.00	\$0.00
D. Bidding & Negot. - 10%	\$17,480.00	100.00%	\$17,480.00	\$17,480.00	\$0.00
E. Constr. Phase - 15%	\$26,220.00	94.81%	\$24,859.18	\$23,768.43	\$1,090.75
F. Closeout - 5%	\$8,740.00	60.00%	\$5,244.00	\$3,496.00	\$1,748.00
<b>TOTAL C2.01 B thru F</b>	<b>\$174,800.00</b>	<b>97.22%</b>	<b>\$169,943.18</b>	<b>\$167,104.43</b>	<b>\$2,838.75</b>
<b>TOTAL FOR BASIC DESIGN</b>	<b>\$186,800.00</b>	<b>97.22%</b>	<b>\$181,943.18</b>	<b>\$179,104.43</b>	<b>\$2,838.75</b>

DESCRIPTION OF WORK

EXHIBIT C: BASIC SERVICES

ARTICLE 4- PAYMENTS TO THE ENGINEER

Fee Per RD1942-19 Table (1/31/05) = Actual Construction Cost \$2,147,864.74 \*\*\*See Below  
 \$2,147,864.74 x 4.47% = \$96,009.55 USE \$96,000.00

C2.04 A.1 RESIDENT PROJECT  
 REPRESENTATIVE SERVICES

	Fee	Percent Complete	Earned To Date	Previous Earnings	This Period
RESIDENT INSPECTION	\$96,000.00	94.81%	\$91,017.60	\$87,024.00	\$3,993.60
<b>TOTAL RPR-3 INSPECTION</b>	<b>\$96,000.00</b>	<b>94.81%</b>	<b>\$91,017.60</b>	<b>\$87,024.00</b>	<b>\$3,993.60</b>

C2.05 SPECIFIC ADD'L SRVS.

A. Surveying	\$4,000.00	100.00%	\$4,000.00	\$4,000.00	\$0.00
B. Permits	\$3,000.00	100.00%	\$3,000.00	\$3,000.00	\$0.00
C. Easements & Acquisitions	\$6,000.00	100.00%	\$6,000.00	\$6,000.00	\$0.00
D. Environmental	\$10,000.00	100.00%	\$10,000.00	\$10,000.00	\$0.00
E. Mechanical/Electrical Engineer Sub (Bldg.)	\$9,000.00	100.00%	\$9,000.00	\$9,000.00	\$0.00
F. Architectural Sub (Bldg.)	\$7,000.00	100.00%	\$7,000.00	\$7,000.00	\$0.00
G. Structural Engineer Sub (Bldg.)	\$6,000.00	100.00%	\$6,000.00	\$6,000.00	\$0.00
H. Miscellaneous/Project Admin for District	\$18,000.00	96.00%	\$17,280.00	\$17,280.00	\$0.00

<b>TOTAL C2.05 SPEC. ADD'L</b>	<b>\$63,000.00</b>		<b>\$62,280.00</b>	<b>\$62,280.00</b>	<b>\$0.00</b>
<b>TOTAL CONTRACT</b>	<b>\$345,800.00</b>	<b>96.95%</b>	<b>\$335,240.78</b>	<b>\$328,408.43</b>	<b>\$6,832.35</b>

TOTAL NOW DUE

\$6,832.35

\* SME # 16017 Tank Repair Investigation (credit allowed) (\$1,070.00)

DESIGN	
**Actual Construction Cost	
Contract F-1	\$580,790.00
Contract G-1	\$232,400.00
Contract H-1	\$820,225.41
Contract I-1	\$464,349.33
	<u>\$2,097,764.74</u>
Cunningham Hill P.S.	\$36,890.00
Stream Crossings (2)	\$76,200.00
Septic Tank/Drain Field	\$7,810.00
	<u>\$2,218,664.74</u>

INSPECTION	
Through Change order #	
C.O. #7	\$580,790.00
C.O. #2	\$232,400.00
C.O. #4	\$820,225.41
C.O. #3	\$464,349.33
	<u>\$2,097,764.74</u> ***
N/A	\$36,890.00
N/A	\$76,200.00
N/A	\$7,810.00

*Paul E. Thom* 10/20/2020  
 BIG SANDY WATER DISTRICT DATE

*Ray H. H. H.* 10/20/2020  
 USDA - Rural Development DATE

\*\*\* (Fee based on only Construction observed by SME)

Engineering Fee Calculations

Invoice # 37

	Bid Amount w/C.O.	Complete to Date	Due	% Complete
Contract F-1 Pay Request #6	\$ 580,790.00 *	\$ 580,790.00	\$ -	100.00%
Contract G-1 Pay Request #10	\$ 242,497.17	\$ 242,497.17	\$ 10,237.17	100.00%
Contract H-1 Pay Request #11	\$ 820,225.41 *	\$ 707,615.89	\$ 128,893.63	86.27%
Contract I-1 Pay Request #10	\$ 471,198.73 *	\$ 467,698.72	\$ 40,071.36	99.26%
	<b>\$ 2,114,711.31</b>	<b>\$ 1,998,601.78</b>	<b>\$ 179,202.16</b>	<b>94.51%</b>

By District

Cunningham Hill P.S.	\$ 36,890.00	\$ 36,890.00		100.00%
BSWD Stream Crossings	\$ 76,200.00	\$ 76,200.00		100.00%
Septic Tank/Drain Field	\$ 7,810.00	\$ 7,810.00		100.00%
Drive through announcer	\$ -	\$ -		100.00%
	<b>\$ 120,900.00</b>	<b>\$ 120,900.00</b>		
	<b>\$ 2,235,611.31</b>	<b>\$ 2,119,501.78</b>	<b>\$ -</b>	<b>94.81%</b>

PROJECT

Contract F-1

Original Contract	\$ 674,400.00
Change Order #1	(\$20,000.00)
Change Order #2	(\$5,690.00)
Change Order #3	(\$17,820.00)
Change Order #4	time only
Change Order #5	time only
Change Order #6	(\$6,400.00)
Change Order #7	(\$43,700.00)
	<b>\$ 580,790.00 *</b>

Contract G-1

Original Contract	\$ 237,000.00
Change Order #1	\$ (1,000.00)
Change Order #2	\$ (3,600.00)
Change Order #3	\$ 10,097.17
	<b>\$ 242,497.17</b>

Contract H-1

Original Contract	\$ 778,295.00
Change Order #1	\$ 2,000.00
Change Order #2	\$ 13,200.00
Change Order #3	\$ (47,857.09)
Change Order #4	\$ 74,587.50
	<b>\$ 820,225.41 *</b>

Contract I-1

Original Contract	\$ 436,153.00
Change Order #1	\$ 22,439.95
Change Order #2	\$ 1,397.25
Change Order #3	\$ 4,359.13
Change Order #4	\$ -
Change Order #5	\$ 6,849.40
Change Order #6	\$ 2,379.09
	<b>\$ 473,577.82 *</b>

City National Bank-Construction Account  
70025556  
131-94

General Ledger Account—Credit 131-94

Electronic

Date: 11-06-2020

Check Written To: Sisler-Maggard

Amount: \$ 56,886.<sup>00</sup>

Purpose: amendment #~~2~~

Computer Account Number  
General Ledger Debit

# 2887



SERVICE FOR:

BIG SANDY WATER DISTRICT  
 18200 S.R. NO. 3  
 CATLETTSBURG, KY 41129

JOB DESIGNATION:

WATER SYSTEM IMPROVEMENTS  
 PHASE V

CONTRACT DATE: February 19, 2016

DESCRIPTION OF WORK

EXHIBIT C: BASIC SERVICES

ARTICLE 4- PAYMENTS TO THE ENGINEER

Fee Per RD1942-19 Table (1/31/05) = **Actual Construction/Design Cost = \$2,316,874.74** \*\*See Below

\$2,316,874.74 x 7.546% = \$174,831.3 **USE \$174,800.00**

C2.01 FOR BASIC DESIGN

	Fee	Percent Complete	Earned To Date	Previous Earnings	This Period
1. Study and Report Phase - P.E.R.	\$12,000.00	100.00%	\$12,000.00	\$12,000.00	\$0.00
<b>TOTAL SECTION A</b>	<b>\$12,000.00</b>	<b>100.00%</b>	<b>\$12,000.00</b>	<b>\$12,000.00</b>	<b>\$0.00</b>

A2a - PRELIMINARY DESIGN PHASE

C2.01 ONE CONTRACT

	Fee	Percent Complete	Earned To Date	Previous Earnings	This Period
B. Preliminary Design - 15% *	\$26,220.00	100.00%	\$26,220.00	\$26,220.00	\$0.00 *
C. Final Design - 55%	\$96,140.00	100.00%	\$96,140.00	\$96,140.00	\$0.00
D. Bidding & Negot. - 10%	\$17,480.00	100.00%	\$17,480.00	\$17,480.00	\$0.00
E. Constr. Phase - 15% See below ****	\$36,220.00	94.81%	\$34,340.18	\$24,859.18	\$9,481.00
F. Closeout - 5%	\$8,740.00	60.00%	\$5,244.00	\$5,244.00	\$0.00
<b>TOTAL C2.01 B thru F</b>	<b>\$184,800.00</b>	<b>97.09%</b>	<b>\$179,424.18</b>	<b>\$169,943.18</b>	<b>\$9,481.00</b>

**TOTAL FOR BASIC DESIGN \$196,800.00 97.09% \$191,424.18 \$181,943.18 \$9,481.00**

DESCRIPTION OF WORK

EXHIBIT C: BASIC SERVICES

ARTICLE 4- PAYMENTS TO THE ENGINEER

Fee Per RD1942-19 Table (1/31/05) = **Actual Construction Cost** \*\*\*\* See below **\$2,147,864.74** \*\*\*See Below

\$2,147,864.74 x 4.47% = \$96,009.55 **USE \$96,000.00**

C2.04 A.1 RESIDENT PROJECT

REPRESENTATIVE SERVICES

	Fee	Percent Complete	Earned To Date	Previous Earnings	This Period
RESIDENT INSPECTION see below ****	\$146,000.00	94.81%	\$138,422.60	\$91,017.60	\$47,405.00
<b>TOTAL RPR-3 INSPECTION</b>	<b>\$146,000.00</b>	<b>94.81%</b>	<b>\$138,422.60</b>	<b>\$91,017.60</b>	<b>\$47,405.00</b>

C2.05 SPECIFIC ADD'L SRVS.

A. Surveying	\$4,000.00	100.00%	\$4,000.00	\$4,000.00	\$0.00
B. Permits	\$3,000.00	100.00%	\$3,000.00	\$3,000.00	\$0.00
C. Easements & Acquisitions	\$6,000.00	100.00%	\$6,000.00	\$6,000.00	\$0.00
D. Environmental	\$10,000.00	100.00%	\$10,000.00	\$10,000.00	\$0.00
E. Mechanical/Electrical Engineer Sub (Bldg.)	\$9,000.00	100.00%	\$9,000.00	\$9,000.00	\$0.00
F. Architectural Sub (Bldg.)	\$7,000.00	100.00%	\$7,000.00	\$7,000.00	\$0.00
G. Structural Engineer Sub (Bldg.)	\$6,000.00	100.00%	\$6,000.00	\$6,000.00	\$0.00
H. Miscellaneous/Project Admin for District	\$18,000.00	96.00%	\$17,280.00	\$17,280.00	\$0.00

**TOTAL C2.05 SPEC. ADD'L \$63,000.00 \$62,280.00 \$62,280.00 \$0.00**

**TOTAL CONTRACT \$405,800.00 96.63% \$392,126.78 \$335,240.78 \$56,886.00**

TOTAL NOW DUE

**\$56,886.00**

\*\*\*\* Amendment No. 2 dated October 20, 2020

\* SME # 16017 Tank Repair Investigation (credit allowed) (\$1,070.00)

DESIGN		INSPECTION	
**Actual Construction Cost		Through Change order #	
Contract F-1	\$580,790.00	C.O. #7	\$580,790.00
Contract G-1	\$232,400.00	C.O. #2	\$232,400.00
Contract H-1	\$820,225.41	C.O. #4	\$820,225.41
Contract I-1	\$464,349.33	C.O. #3	\$464,349.33
	<b>\$2,097,764.74</b>		<b>\$2,097,764.74</b> ***
Cunningham Hill P.S.	\$36,890.00	N/A	\$36,890.00
Stream Crossings (2)	\$76,200.00	N/A	\$76,200.00
Septic Tank/Drain Field	\$7,810.00	N/A	\$7,810.00
	<b>\$2,218,664.74</b>		

Paul E. Thomas 11-4-2020  
 BIG SANDY WATER DISTRICT DATE  
 USDA Rural Development 11-4-2020 DATE

\*\*\* (Fee based on only Construction observed by SME)



Engineering Fee Calculations

Invoice # 37 &amp; #38

	Bid Amount w/C.O.	Complete to Date	Due	% Complete
Contract F-1 Pay Request #6	\$ 580,790.00 *	\$ 580,790.00	\$ -	100.00%
Contract G-1 Pay Request #10	\$ 242,497.17	\$ 242,497.17	\$ 10,237.17	100.00%
Contract H-1 Pay Request #11	\$ 820,225.41 *	\$ 707,615.89	\$ 128,893.63	86.27%
Contract I-1 Pay Request #10	\$ 471,198.73 *	\$ 467,698.72	\$ 40,071.36	99.26%
	<b>\$ 2,114,711.31</b>	<b>\$ 1,998,601.78</b>	<b>\$ 179,202.16</b>	<b>94.51%</b>

By District

Cunningham Hill P.S.	\$ 36,890.00	\$ 36,890.00		100.00%
BSWD Stream Crossings	\$ 76,200.00	\$ 76,200.00		100.00%
Septic Tank/Drain Field	\$ 7,810.00	\$ 7,810.00		100.00%
Drive through announcer	\$ -	\$ -		100.00%
	<b>\$ 120,900.00</b>	<b>\$ 120,900.00</b>		
	<b>\$ 2,235,611.31</b>	<b>\$ 2,119,501.78</b>	<b>\$ -</b>	<b>94.81%</b>

PROJECT

Contract F-1

Original Contract	\$ 674,400.00
Change Order #1	(\$20,000.00)
Change Order #2	(\$5,690.00)
Change Order #3	(\$17,820.00)
Change Order #4	time only
Change Order #5	time only
Change Order #6	(\$6,400.00)
Change Order #7	(\$43,700.00)
	<b>\$ 580,790.00 *</b>

Contract G-1

Original Contract	\$ 237,000.00
Change Order #1	\$ (1,000.00)
Change Order #2	\$ (3,600.00)
Change Order #3	\$ 10,097.17
	<b>\$ 242,497.17</b>

Contract H-1

Original Contract	\$ 778,295.00
Change Order #1	\$ 2,000.00
Change Order #2	\$ 13,200.00
Change Order #3	\$ (47,857.09)
Change Order #4	\$ 74,587.50
	<b>\$ 820,225.41 *</b>

Contract I-1

Original Contract	\$ 436,153.00
Change Order #1	\$ 22,439.95
Change Order #2	\$ 1,397.25
Change Order #3	\$ 4,359.13
Change Order #4	\$ -
Change Order #5	\$ 6,849.40
Change Order #6	\$ 2,379.09
	<b>\$ 473,577.82 *</b>

**City National Bank-Construction Account**  
**70025556**  
**131-94**

General Ledger Account—Credit 131-94

~~Electronic~~

Date: 11/20/20

Check Written To: Sister-Maggard

Amount: \$ 2,804.55

Purpose:

CK# 2890

Computer Account Number  
General Ledger Debit



SERVICE FOR:

BIG SANDY WATER DISTRICT  
 18200 S.R. NO. 3  
 CATLETTSBURG, KY 41129

JOB DESIGNATION:

WATER SYSTEM IMPROVEMENTS  
 PHASE V

CONTRACT DATE: February 19, 2016

**DESCRIPTION OF WORK**

**EXHIBIT C: BASIC SERVICES**

**ARTICLE 4- PAYMENTS TO THE ENGINEER**

Fee Per RD1942-19 Table (1/31/05) = Actual Construction/Design Cost = **\$2,316,874.74** \*\*See Below

\$2,316,874.74 x 7.546% = \$174,831.3 USE **\$174,800.00**

**C2.01 FOR BASIC DESIGN**

	Fee	Percent Complete	Earned To Date	Previous Earnings	This Period
1. Study and Report Phase - P.E.R.	\$12,000.00	100.00%	\$12,000.00	\$12,000.00	\$0.00
<b>TOTAL SECTION A</b>	<b>\$12,000.00</b>	<b>100.00%</b>	<b>\$12,000.00</b>	<b>\$12,000.00</b>	<b>\$0.00</b>

**A2a - PRELIMINARY DESIGN PHASE**

**C2.01 ONE CONTRACT**

	Fee	Percent Complete	Earned To Date	Previous Earnings	This Period
B. Preliminary Design - 15% *	\$26,220.00	100.00%	\$26,220.00	\$26,220.00	\$0.00 *
C. Final Design - 55%	\$96,140.00	100.00%	\$96,140.00	\$96,140.00	\$0.00
D. Bidding & Negot. - 10%	\$17,480.00	100.00%	\$17,480.00	\$17,480.00	\$0.00
E. Constr. Phase - 15% See below ****	\$36,220.00	95.15%	\$34,463.33	\$34,340.18	\$123.15
F. Closeout - 5%	\$8,740.00	85.00%	\$7,429.00	\$5,244.00	\$2,185.00
<b>TOTAL C2.01 B thru F</b>	<b>\$184,800.00</b>	<b>98.34%</b>	<b>\$181,732.33</b>	<b>\$179,424.18</b>	<b>\$2,308.15</b>

**TOTAL FOR BASIC DESIGN** \$196,800.00 98.34% \$193,732.33 \$191,424.18 \$2,308.15

**DESCRIPTION OF WORK**

**EXHIBIT C: BASIC SERVICES**

**ARTICLE 4- PAYMENTS TO THE ENGINEER**

Fee Per RD1942-19 Table (1/31/05) = Actual Construction Cost \*\*\*\* See below **\$2,147,864.74** \*\*\*See Below

\$2,147,864.74 x 4.47% = \$96,009.55 USE **\$96,000.00**

**C2.04 A.1 RESIDENT PROJECT**

**REPRESENTATIVE SERVICES**

	Fee	Percent Complete	Earned To Date	Previous Earnings	This Period
RESIDENT INSPECTION see below ****	\$146,000.00	95.15%	\$138,919.00	\$138,422.60	\$496.40
<b>TOTAL RPR-3 INSPECTION</b>	<b>\$146,000.00</b>	<b>95.15%</b>	<b>\$138,919.00</b>	<b>\$138,422.60</b>	<b>\$496.40</b>

**C2.05 SPECIFIC ADD'L SRVS.**

A. Surveying	\$4,000.00	100.00%	\$4,000.00	\$4,000.00	\$0.00
B. Permits	\$3,000.00	100.00%	\$3,000.00	\$3,000.00	\$0.00
C. Easements & Acquisitions	\$6,000.00	100.00%	\$6,000.00	\$6,000.00	\$0.00
D. Environmental	\$10,000.00	100.00%	\$10,000.00	\$10,000.00	\$0.00
E. Mechanical/Electrical Engineer Sub (Bldg.)	\$9,000.00	100.00%	\$9,000.00	\$9,000.00	\$0.00
F. Architectural Sub (Bldg.)	\$7,000.00	100.00%	\$7,000.00	\$7,000.00	\$0.00
G. Structural Engineer Sub (Bldg.)	\$6,000.00	100.00%	\$6,000.00	\$6,000.00	\$0.00
H. Miscellaneous/Project Admin for District	\$18,000.00	96.00%	\$17,280.00	\$17,280.00	\$0.00

**TOTAL C2.05 SPEC. ADD'L** \$63,000.00 \$62,280.00 \$62,280.00 \$0.00

**TOTAL CONTRACT** \$405,800.00 97.32% \$394,931.33 \$392,126.78 \$2,804.55

**TOTAL NOW DUE**

**\$2,804.55**

\*\*\*\* Amendment No. 2 dated October 20, 2020

\* SME # 16017 Tank Repair Investigation (credit allowed) (\$1,070.00)

DESIGN	**Actual Construction Cost
Contract F-1	\$580,790.00
Contract G-1	\$242,497.17
Contract H-1	\$820,225.41
Contract I-1	\$473,577.82
	<u>\$2,117,090.40</u>
Cunningham Hill P.S.	\$36,890.00
Stream Crossings (2)	\$76,200.00
Septic Tank/Drain Field	\$7,810.00
	<u>\$2,237,990.40</u>

INSPECTION	Through Change order #
C.O. #7	\$580,790.00
C.O. #3	\$242,497.17
C.O. #4	\$820,225.41
C.O. #6	\$473,577.82
	<u>\$2,117,090.40</u> ***
N/A	\$36,890.00
N/A	\$76,200.00
N/A	\$7,810.00

*Paul E. Thorne 11/17/2020*  
 BIG SANDY WATER DISTRICT DATE

*Walter H. H. 11/17/2020*  
 USDA - Rural Development DATE

\*\*\* (Fee based on only Construction observed by SME)

Engineering Fee Calculations

Invoice # 39

	Bid Amount w/C.O.	Complete to Date	Due	% Complete
Contract F-1 Pay Request #6	\$ 580,790.00 *	\$ 580,790.00	\$ -	100.00%
Contract G-1 Pay Request #10	\$ 242,497.17	\$ 242,497.17	\$ -	100.00%
Contract H-1 Pay Request #11	\$ 820,225.41 *	\$ 717,512.89	\$ 9,176.53	87.48%
Contract I-1 Pay Request #10	\$ 473,577.82 *	\$ 473,577.82	\$ 24,264.04	100.00%
	<b>\$ 2,117,090.40</b>	<b>\$ 2,014,377.88</b>	<b>\$ 33,440.57</b>	<b>95.15%</b>

**By District**

Cunningham Hill P.S.	\$ 36,890.00	\$ 36,890.00		100.00%
BSWD Stream Crossings	\$ 76,200.00	\$ 76,200.00		100.00%
Septic Tank/Drain Field	\$ 7,810.00	\$ 7,810.00		100.00%
Drive through announcer	\$ -	\$ -		100.00%
	<b>\$ 120,900.00</b>	<b>\$ 120,900.00</b>		
	<b>\$ 2,237,990.40</b>	<b>\$ 2,135,277.88</b>	<b>\$ -</b>	<b>95.41%</b>

**PROJECT**

Contract F-1

Original Contract	\$ 674,400.00
Change Order #1	(\$20,000.00)
Change Order #2	(\$5,690.00)
Change Order #3	(\$17,820.00)
Change Order #4	time only
Change Order #5	time only
Change Order #6	(\$6,400.00)
Change Order #7	(\$43,700.00)
	<b>\$ 580,790.00 *</b>

Contract G-1

Original Contract	\$ 237,000.00
Change Order #1	\$ (1,000.00)
Change Order #2	\$ (3,600.00)
Change Order #3	\$ 10,097.17
	<b>\$ 242,497.17</b>

Contract H-1

Original Contract	\$ 778,295.00
Change Order #1	\$ 2,000.00
Change Order #2	\$ 13,200.00
Change Order #3	\$ (47,857.09)
Change Order #4	\$ 74,587.50
	<b>\$ 820,225.41 *</b>

Contract I-1\*\*\*\*

Original Contract	\$ 436,153.00	**** \$5,000 retainage held
Change Order #1	\$ 22,439.95	
Change Order #2	\$ 1,397.25	
Change Order #3	\$ 4,359.13	
Change Order #4	\$ -	
Change Order #5	\$ 6,849.40	
Change Order #6	\$ 2,379.09	
	<b>\$ 473,577.82 *</b>	

# **ATTACHMENT 6c**

**Big Sandy Water District  
PSC Requested Information  
Item 6 c. Stoll Keenon Ogden PLC  
Case No. 2022-00044**

<b>Check #</b>	<b>Invoice#</b>	<b>Amount</b>	<b>Description of Payment</b>	<b>Account # Charged</b>
22534	924495	\$ 63.00	Singular Activity	00633-0000
22550	926316	\$ 94.50	Singular Activity	00633-0000
26679	931546	\$ 2,394.00	Singular Activity	00633-0000
22756	934816	\$ 189.00	Singular Activity	00633-0000
22756	934815	\$ 94.50	Singular Activity	00633-0000
22811	937385	\$ 346.50	Singular Activity	00633-0000
22865	940273	\$ 1,365.00	Singular Activity	00633-0000
22865	940270	\$ 595.00	Singular Activity	00633-0000
Total		\$ 5,141.50		



**STOLL · KEENON · OGDEN**  
PLLC  
500 West Jefferson Street  
Suite 2000  
Louisville, Kentucky 40202-2828  
502 333-6000  
Tax ID # 61-0421389  
March 18, 2020

Big Sandy Water District  
18200 State Route 3  
bdistrict@windstream.net  
Catlettsburg KY 41129

INVOICE NO.: 924495  
SKO File No.: 122790/164204

**Please Remit This Page With Payment To:**  
**STOLL · KEENON · OGDEN**  
PLLC  
P.O. Box 11969  
Lexington, Kentucky 40579-1969

Re: PSC Appointment of Commissioner to Fill Vacancy

Our Reference: 122790/164204/GEW/2404

Fees rendered this bill \$ 63.00

**Total Current Charges This Matter \$ 63.00**



BILL DATE: March 18, 2020

Big Sandy Water District  
 18200 State Route 3  
 bddistrict@windstream.net  
 Catlettsburg, KY 41129

**PSC Appointment of Commissioner to Fill****LEGAL FEES**

DATE	IND	DESCRIPTION OF SERVICE	HOURS	RATE	AMOUNT
02/07/20	GEW	Email to PSC Staff (B. Bellamy) re: status of case	0.20	350.00	\$ 70.00
<b>SUBTOTAL</b>			<b>0.20</b>		<b>\$70.00</b>

**EXPENSES AND OTHER SERVICES**

*\*\*note: all copies are billed at .10/page unless otherwise indicated*

DATE	DESCRIPTION	AMOUNT
<b>SUBTOTAL</b>		<b>0.00</b>
<b>GRAND TOTAL:</b>		<b>\$63.00</b>

**ATTORNEY/PARALEGAL SUMMARY**

TIMEKEEPER	RANK	HOURS	RATE	AMOUNT
G. E Wuetcher	Of Counsel	0.20	350.00	\$70.00

**BIG SANDY WATER DISTRICT**

**022550**

Vendor	SKO	Stoll Keenon Ogden PLLC	Check Date	04/17/2020	Check Number	22550	Net Amount
Voucher Number	Invoice Number	Invoice Date	Invoice Amount	Amount Paid	Discount Taken		
016244	926316	04/17/2020	\$94.50	\$94.50	\$0.00		\$94.50
	00633-0000		\$94.50	\$94.50	\$0.00		\$94.50
						Check Total	\$94.50

**STOLL · KEENON · OGDEN**

PLLC

500 West Jefferson Street

Suite 2000

Louisville, Kentucky 40202-2828

502 333-6000

Tax ID # [REDACTED]

April 7, 2020

Big Sandy Water District  
18200 State Route 3  
bdistrict@windstream.net  
Catlettsburg KY 41129

INVOICE NO.: 926316  
SKO File No.: 122790/166352

**PAYMENT REMITTANCE**

Payments via regular mail:

STOLL · KEENON · OGDEN PLLC  
P.O. Box 11969  
Lexington, Kentucky 40579-1969

Payments via ACH or EFT:

Stoll Keenon Ogden PLLC IOLTA Account  
Fifth Third Bank, Cincinnati OH  
ABA/Bank Routing Number: [REDACTED]  
Account Number: [REDACTED]  
Please reference your account and invoice numbers.  
Email remittance notice or questions to  
[payments@skofirm.com](mailto:payments@skofirm.com)

Re: 2020 Application for Authorization for Surcharge

Our Reference: 122790/166352/GEW/2404  
Fees rendered this bill

\$ 94.50

**Total Current Charges This Matter**

**\$ 94.50**

BILL DATE: April 7, 2020

Big Sandy Water District  
 18200 State Route 3  
 bdistrict@windstream.net  
 Catlettsburg, KY 41129

**2020 Application for Authorization for S****LEGAL FEES**

<b>DATE</b>	<b>IND</b>	<b>DESCRIPTION OF SERVICE</b>	<b>HOURS</b>	<b>RATE</b>	<b>AMOUNT</b>
02/24/20	GEW	Telephone call with T. Brown re: application for surcharge (Big Sandy Water District)	0.30	350.00	\$ 105.00
<b>SUBTOTAL</b>			<b>0.30</b>		<b>\$105.00</b>

**EXPENSES AND OTHER SERVICES***\*\*note: all copies are billed at .10/page unless otherwise indicated*

<b>DATE</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
<b>SUBTOTAL</b>		<b>0.00</b>
<b>GRAND TOTAL:</b>		<b>\$94.50</b>

**ATTORNEY/PARALEGAL SUMMARY**

<b>TIMEKEEPER</b>	<b>RANK</b>	<b>HOURS</b>	<b>RATE</b>	<b>AMOUNT</b>
G. E Wuetcher	Of Counsel	0.30	350.00	\$105.00

**BIG SANDY WATER DISTRICT**

**022679**

Vendor, SKO Voucher Number	Stoll Keenon Ogden PLLC Invoice Number	Invoice Date	Check Date 07/03/2020	Invoice Amount	Check Number	Amount Paid	Discount Taken	Net Amount
016513	931546	07/03/2020		\$2,394.00	22679	\$2,394.00	\$0.00	\$2,394.00
	00633-0000			\$2,394.00		\$2,394.00	\$0.00	\$2,394.00
				<b>Check Total</b>				<b>\$2,394.00</b>

**STOLL · KEENON · OGDEN**  
 PLLC  
 500 West Jefferson Street  
 Suite 2000  
 Louisville, Kentucky 40202-2828  
 502 333-6000  
 Tax ID # [REDACTED]

June 9, 2020

Big Sandy Water District  
 18200 State Route 3  
 bdistrict@windstream.net  
 Catlettsburg KY 41129

INVOICE NO.: 931546  
 SKO File No.: 122790/163644

MATTER NAME: PSC Excessive Water Loss Investigation

TOTAL FEES FOR PROFESSIONAL SERVICES PER ATTACHED 2,065.00

*COURTESY REDUCTION* (206.50)

TOTAL CHARGES FOR EXPENSES AND OTHER SERVICES  
 PER ATTACHED 0.00

INVOICE TOTAL \$ 1,858.50

BALANCE DUE from previous statements:

Bill Date	Invoice	Outstanding Amount
03/18/20	924494	283.50
04/07/20	926314	252.00

Total Balance Due on Previous Statements: \$ 535.50

**TOTAL BALANCE DUE** \$2,394.00

BILL DATE: June 9, 2020

Big Sandy Water District  
 18200 State Route 3  
 bdistrict@windstream.net  
 Catlettsburg, KY 41129

**PSC Excessive Water Loss Investigation****LEGAL FEES**

<b>DATE</b>	<b>IND</b>	<b>DESCRIPTION OF SERVICE</b>	<b>HOURS</b>	<b>RATE</b>	<b>AMOUNT</b>
05/14/20	GEW	Review PSC Orders of 11/20/19, PSC Staff Inspection Report; Interview T. Brown	1.90	350.00	\$ 665.00
05/15/20	GEW	Call from R. Hall re: status report to PSC	0.30	350.00	105.00
05/17/20	GEW	Prepare status report to PSC	2.30	350.00	805.00
05/18/20	GEW	Revise status report On compliance with PSC order of 11/22/19	0.80	350.00	280.00
05/21/20	GEW	Complete status report	0.50	350.00	175.00
05/22/20	GEW	File status report with PSC	0.10	350.00	35.00
<b>SUBTOTAL</b>			<b>5.90</b>		<b>\$2,065.00</b>

**EXPENSES AND OTHER SERVICES**

*\*\*note: all copies are billed at .10/page unless otherwise indicated*

<b>DATE</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
<b>SUBTOTAL</b>		<b>0.00</b>
<b>GRAND TOTAL:</b>		<b>\$1,858.50</b>

**ATTORNEY/PARALEGAL SUMMARY**

<b>TIMEKEEPER</b>	<b>RANK</b>	<b>HOURS</b>	<b>RATE</b>	<b>AMOUNT</b>
G. E Wuetcher	Of Counsel	5.90	350.00	\$2,065.00

**BIG SANDY WATER DISTRICT**

**022756**

Check Date 08/19/2020 Check Number 22756

Vendor Voucher Number	SKO Invoice Number	Stoll Keenon Ogden PLLC Invoice Number	Invoice Date	Invoice Amount	Amount Paid	Discount Taken	Net Amount	
016695	934816		08/19/2020	\$189.00	\$189.00	\$0.00	\$189.00	
	00633-0000			\$189.00	\$189.00	\$0.00	\$189.00	
016696	934815		08/19/2020	\$94.50	\$94.50	\$0.00	\$94.50	
	00633-0000			\$94.50	\$94.50	\$0.00	\$94.50	
Check Total							\$0.00	\$283.50



**STOLL · KEENON · OGDEN**  
PLLC  
500 West Jefferson Street  
Suite 2000  
Louisville, Kentucky 40202-2828  
502 333-6000

[REDACTED]  
April 7, 2020

Big Sandy Water District  
18200 State Route 3  
bdistrict@windstream.net  
Catlettsburg KY 41129

INVOICE NO.: 926314  
SKO File No.: 122790/163644

**PAYMENT REMITTANCE**

Payments via regular mail:

STOLL · KEENON · OGDEN PLLC  
P.O. Box 11969  
Lexington, Kentucky 40579-1969

Payments via ACH or EFT:

Stoll Keenon Ogden PLLC IOLTA Account  
Fifth Third Bank, Cincinnati OH  
ABA/Bank Routing Number: [REDACTED]  
Account Number: [REDACTED]  
Please reference your account and invoice numbers.  
Email remittance notice or questions to  
[payments@skofirm.com](mailto:payments@skofirm.com)

Re: PSC Excessive Water Loss Investigation

Our Reference: 122790/163644/GEW/2404  
Fees rendered this bill

\$ 252.00

**Total Current Charges This Matter**

**\$ 252.00**

Balance as of 03/18/20

\$283.50

Less credits (payments, adjustments)  
**Balance due on prior billings**

\$0.00  
**\$283.50**

**Total Amount Due This Matter**

**\$535.50**

BILL DATE: April 7, 2020

Big Sandy Water District  
 18200 State Route 3  
 bdistrict@windstream.net  
 Catlettsburg, KY 41129

**PSC Excessive Water Loss Investigation****LEGAL FEES**

<b>DATE</b>	<b>IND</b>	<b>DESCRIPTION OF SERVICE</b>	<b>HOURS</b>	<b>RATE</b>	<b>AMOUNT</b>
03/26/20	GEW	Call to R. Hall re: water audits & motion for extension of time ; draft email message to PSC Staff (B. Koenig); review response to e-mail & prepare reply; 2d call to R. Hall	0.80	350.00	\$ 280.00
<b>SUBTOTAL</b>			<b>0.80</b>		<b>\$280.00</b>

**EXPENSES AND OTHER SERVICES**

*\*\*note: all copies are billed at .10/page unless otherwise indicated*

<b>DATE</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
<b>SUBTOTAL</b>		<b>0.00</b>
<b>GRAND TOTAL:</b>		<b>\$252.00</b>

**ATTORNEY/PARALEGAL SUMMARY**

<b>TIMEKEEPER</b>	<b>RANK</b>	<b>HOURS</b>	<b>RATE</b>	<b>AMOUNT</b>
G. E Wuetcher	Of Counsel	0.80	350.00	\$280.00

**STOLL · KEENON · OGDEN**  
PLLC  
500 West Jefferson Street  
Suite 2000  
Louisville, Kentucky 40202-2828  
502 333-6000  
Tax ID # [REDACTED]  
March 18, 2020

Big Sandy Water District  
18200 State Route 3  
bdistrict@windstream.net  
Catlettsburg KY 41129

INVOICE NO.: 924494  
SKO File No.: 122790/163644

**Please Remit This Page With Payment To:**  
**STOLL · KEENON · OGDEN**  
PLLC  
P.O. Box 11969  
Lexington, Kentucky 40579-1969

Re: PSC Excessive Water Loss Investigation

Our Reference: 122790/163644/GEW/2404

Fees rendered this bill \$ 283.50

**Total Current Charges This Matter \$ 283.50**

BILL DATE: March 18, 2020

Big Sandy Water District  
 18200 State Route 3  
 bdistrict@windstream.net  
 Catlettsburg, KY 41129

**PSC Excessive Water Loss Investigation****LEGAL FEES**

<b>DATE</b>	<b>IND</b>	<b>DESCRIPTION OF SERVICE</b>	<b>HOURS</b>	<b>RATE</b>	<b>AMOUNT</b>
02/11/20	GEW	Draft letter to K. Chandler re: water audit; email to Sisler-Maggard Engineering	0.60	350.00	\$ 210.00
02/26/20	GEW	E-mail message to K. Chandler re: water audits; telephone call from K. Chandler re: request for guidance	0.30	350.00	105.00
<b>SUBTOTAL</b>			<b>0.90</b>		<b>\$315.00</b>

**EXPENSES AND OTHER SERVICES**

*\*\*note: all copies are billed at .10/page unless otherwise indicated*

<b>DATE</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
<b>SUBTOTAL</b>		<b>0.00</b>
<b>GRAND TOTAL:</b>		<b>\$283.50</b>

**ATTORNEY/PARALEGAL SUMMARY**

<b>TIMEKEEPER</b>	<b>RANK</b>	<b>HOURS</b>	<b>RATE</b>	<b>AMOUNT</b>
G. E Wuetcher	Of Counsel	0.90	350.00	\$315.00

**BIG SANDY WATER DISTRICT**

**022811**

Vendor SKO	Stoll Keenon Ogden PLLC	Check Date	09/25/2020	Check Number	22811	Net Amount
Voucher Number	Invoice Number	Invoice Date	Invoice Amount	Amount Paid	Discount Taken	
016793	937385	09/14/2020	\$346.50	\$346.50	\$0.00	\$346.50
	00633-0000		\$346.50	\$346.50		\$346.50
					Check Total	\$346.50

**STOLL · KEENON · OGDEN**

PLLC

500 West Jefferson Street

Suite 2000

Louisville, Kentucky 40202-2828

502 333-6000

Tax ID # [REDACTED]

August 5, 2020

Big Sandy Water District  
18200 State Route 3  
bdistrict@windstream.net  
Catlettsburg KY 41129

INVOICE NO.: 934816  
SKO File No.: 122790/166352

**PAYMENT REMITTANCE**

Payments via regular mail:

STOLL · KEENON · OGDEN PLLC  
P.O. Box 11969  
Lexington, Kentucky 40579-1969

Payments via ACH or EFT:

Stoll Keenon Ogden PLLC IOLTA Account  
Fifth Third Bank, Cincinnati OH  
ABA/Bank Routing Number: [REDACTED]  
Account Number: [REDACTED]  
Please reference your account and invoice numbers.  
Email remittance notice or questions to  
[payments@skofirm.com](mailto:payments@skofirm.com)

Re: 2020 Application for Authorization for Surcharge

Our Reference: 122790/166352/GEW/2404  
Fees rendered this bill

\$ 189.00

**Total Current Charges This Matter**

**\$ 189.00**

BILL DATE: August 5, 2020

Big Sandy Water District  
 18200 State Route 3  
 bdistrict@windstream.net  
 Catlettsburg, KY 41129

2020 Application for Authorization for SLEGAL FEES

<u>DATE</u>	<u>IND</u>	<u>DESCRIPTION OF SERVICE</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
07/01/20	GEW	Call T. Brown re: application; provide info re: billing analysis	0.60	350.00	\$ 210.00
<b>SUBTOTAL</b>			<b>0.60</b>		<b>\$210.00</b>

EXPENSES AND OTHER SERVICES

*\*\*note: all copies are billed at .10/page unless otherwise indicated*

<u>DATE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
<b>SUBTOTAL</b>		<b>0.00</b>
<b>GRAND TOTAL:</b>		<b>\$189.00</b>

ATTORNEY/PARALEGAL SUMMARY

<u>TIMEKEEPER</u>	<u>RANK</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
G. E Wuetcher	Of Counsel	0.60	350.00	\$210.00

**STOLL · KEENON · OGDEN**  
**PLLC**  
**500 West Jefferson Street**  
**Suite 2000**  
**Louisville, Kentucky 40202-2828**  
**502 333-6000**  
**Tax ID # [REDACTED]**  
**August 5, 2020**

Big Sandy Water District  
18200 State Route 3  
bdistrict@windstream.net  
Catlettsburg KY 41129

**INVOICE NO.: 934815**  
**SKO File No.: 122790/163644**

**PAYMENT REMITTANCE**

Payments via regular mail:

STOLL · KEENON · OGDEN PLLC  
P.O. Box 11969  
Lexington, Kentucky 40579-1969

Payments via ACH or EFT:

Stoll Keenon Ogden PLLC IOLTA Account  
Fifth Third Bank, Cincinnati OH  
ABA/Bank Routing Number: [REDACTED]  
Account Number: [REDACTED]  
Please reference your account and invoice numbers.  
Email remittance notice or questions to  
[payments@skofirm.com](mailto:payments@skofirm.com)

Re: PSC Excessive Water Loss Investigation

Our Reference: 122790/163644/GEW/2404  
Fees rendered this bill

\$ 94.50

**Total Current Charges This Matter**

**\$ 94.50**



BILL DATE: August 5, 2020

Big Sandy Water District  
 18200 State Route 3  
 bdistrict@windstream.net  
 Catlettsburg, KY 41129

**PSC Excessive Water Loss Investigation****LEGAL FEES**

<u>DATE</u>	<u>IND</u>	<u>DESCRIPTION OF SERVICE</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
07/14/20	GEW	Telephone call to T. Brown re: water audit; email to KWRRRI regarding assistance in completing water audit	0.30	350.00	\$ 105.00
<b>SUBTOTAL</b>			<b>0.30</b>		<b>\$105.00</b>

**EXPENSES AND OTHER SERVICES**

*\*\*note: all copies are billed at .10/page unless otherwise indicated*

<u>DATE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
<b>SUBTOTAL</b>		<b>0.00</b>
<b>GRAND TOTAL:</b>		<b>\$94.50</b>

**ATTORNEY/PARALEGAL SUMMARY**

<u>TIMEKEEPER</u>	<u>RANK</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
G. E Wuetcher	Of Counsel	0.30	350.00	\$105.00

BILL DATE: September 14, 2020

Big Sandy Water District  
 18200 State Route 3  
 bdistrict@windstream.net  
 Catlettsburg, KY 41129

**PSC Excessive Water Loss Investigation****LEGAL FEES**

<u>DATE</u>	<u>IND</u>	<u>DESCRIPTION OF SERVICE</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
08/10/20	GEW	Email to L. Ormsbee re: water audit	0.10	350.00	\$ 35.00
08/12/20	GEW	Prepare motion for extension of time to perform comprehensive water audit	1.00	350.00	350.00
<b>SUBTOTAL</b>			<b>1.10</b>		<b>\$385.00</b>

**EXPENSES AND OTHER SERVICES***\*\*note: all copies are billed at .10/page unless otherwise indicated*

<u>DATE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
<b>SUBTOTAL</b>		<b>0.00</b>
<b>GRAND TOTAL:</b>		<b>\$346.50</b>

**ATTORNEY/PARALEGAL SUMMARY**

<u>TIMEKEEPER</u>	<u>RANK</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
G. E Wuetcher	Of Counsel	1.10	350.00	\$385.00

**BIG SANDY WATER DISTRICT**

**022865**

Vendor	SKO	Stoll Keenon Ogden PLLC	Check Date	10/30/2020	Check Number	22865	Net Amount
Voucher Number	Invoice Number	Invoice Date	Invoice Amount	Amount Paid	Discount Taken		
016898	10/12/2020	10/30/2020	\$1,365.00	\$1,365.00	\$0.00		\$1,365.00
	00633-0000		\$1,365.00	\$1,365.00	\$0.00		\$1,365.00
016899	10/12	10/30/2020	\$595.00	\$595.00	\$0.00		\$595.00
	00633-0000		\$595.00	\$595.00	\$0.00		\$595.00
Check Total							\$1,960.00

BILL DATE: October 12, 2020

Big Sandy Water District  
 18200 State Route 3  
 bddistrict@windstream.net  
 Catlettsburg, KY 41129

**2020 Application for Authorization for S****LEGAL FEES**

DATE	IND	DESCRIPTION OF SERVICE	HOURS	RATE	AMOUNT
09/01/20	GEW	Prepare surcharge application	2.20	350.00	\$ 770.00
09/02/20	GEW	Prepare surcharge application	1.70	350.00	595.00
SUBTOTAL			<u>3.90</u>		<u>\$1,365.00</u>

**EXPENSES AND OTHER SERVICES***\*\*note: all copies are billed at .10/page unless otherwise indicated*

DATE	DESCRIPTION	AMOUNT
SUBTOTAL		<u>0.00</u>
GRAND TOTAL:		<u>\$1,228.50</u>

**ATTORNEY/PARALEGAL SUMMARY**

TIMEKEEPER	RANK	HOURS	RATE	AMOUNT
G. E Wuetcher	Of Counsel	3.90	350.00	\$1,365.00

**STOLL · KEENON · OGDEN**  
PLLC  
500 West Jefferson Street  
Suite 2000  
Louisville, Kentucky 40202-2828  
502 333-6000  
Tax ID # [REDACTED]

October 12, 2020

Big Sandy Water District  
18200 State Route 3  
bdistrict@windstream.net  
Catlettsburg KY 41129

INVOICE NO.: 940273  
SKO File No.: 122790/166352

MATTER NAME: 2020 Application for Authorization for Surcharge

TOTAL FEES FOR PROFESSIONAL SERVICES PER ATTACHED 1,365.00

*COURTESY REDUCTION* (136.50)

TOTAL CHARGES FOR EXPENSES AND OTHER SERVICES  
PER ATTACHED 0.00

INVOICE TOTAL \$ 1,228.50

**TOTAL BALANCE DUE \$1,228.50**

**STOLL · KEENON · OGDEN**  
PLLC  
500 West Jefferson Street  
Suite 2000  
Louisville, Kentucky 40202-2828  
502 333-6000



October 12, 2020

Big Sandy Water District  
18200 State Route 3  
bdistrict@windstream.net  
Catlettsburg KY 41129



INVOICE NO.: 940273  
SKO File No.: 122790/166352

**PAYMENT REMITTANCE**

Payments via regular mail:

STOLL · KEENON · OGDEN PLLC  
P.O. Box 11969  
Lexington, Kentucky 40579-1969

Payments via ACH or EFT:

Stoll Keenon Ogden PLLC IOLTA Account  
Fifth Third Bank, Cincinnati OH  
ABA/Bank Routing Number:   
Account Number:   
Please reference your account and invoice numbers.  
Email remittance notice or questions to  
[payments@skofirm.com](mailto:payments@skofirm.com)

Re: 2020 Application for Authorization for Surcharge

Our Reference: 122790/166352/GEW/2404  
Fees rendered this bill

\$ 1,228.50

**Total Current Charges This Matter**

**\$ 1,228.50**

BILL DATE: October 12, 2020

Big Sandy Water District  
 18200 State Route 3  
 bdistrict@windstream.net  
 Catlettsburg, KY 41129

**PSC Excessive Water Loss Investigation****LEGAL FEES**

<u>DATE</u>	<u>IND</u>	<u>DESCRIPTION OF SERVICE</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
09/21/20	GEW	Discuss response to PSC order of 11/22/2019 with Mr. Blanton	0.20	350.00	\$ 70.00
09/22/20	GEW	Prepare motion for extension of time to submit final responses to Order of 11/22/2019; telephone call with J. Blanton	1.50	350.00	525.00
<b>SUBTOTAL</b>			<b>1.70</b>		<b>\$595.00</b>

**EXPENSES AND OTHER SERVICES**

*\*\*note: all copies are billed at .10/page unless otherwise indicated*

<u>DATE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
<b>SUBTOTAL</b>		<b>0.00</b>
<b>GRAND TOTAL:</b>		<b>\$535.50</b>

**ATTORNEY/PARALEGAL SUMMARY**

<u>TIMEKEEPER</u>	<u>RANK</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
G. E Wuetcher	Of Counsel	1.70	350.00	\$595.00

**STOLL · KEENON · OGDEN**  
**PLLC**  
**500 West Jefferson Street**  
**Suite 2000**  
**Louisville, Kentucky 40202-2828**  
**502 333-6000**  
Tax ID # [REDACTED]  
October 12, 2020

Big Sandy Water District  
18200 State Route 3  
bdistrict@windstream.net  
Catlettsburg KY 41129

INVOICE NO.: 940270  
SKO File No.: 122790/163644

**PAYMENT REMITTANCE**

Payments via regular mail:

STOLL · KEENON · OGDEN PLLC  
P.O. Box 11969  
Lexington, Kentucky 40579-1969

Payments via ACH or EFT:

Stoll Keenon Ogden PLLC IOLTA Account  
Fifth Third Bank, Cincinnati OH  
ABA/Bank Routing Number: [REDACTED]  
Account Number: [REDACTED]  
Please reference your account and invoice numbers.  
Email remittance notice or questions to  
[payments@skofirm.com](mailto:payments@skofirm.com)

Re: PSC Excessive Water Loss Investigation

Our Reference: 122790/163644/GEW/2404  
Fees rendered this bill

\$ 535.50

**Total Current Charges This Matter**

**\$ 535.50**



**STOLL · KEENON · OGDEN**  
PLLC  
500 West Jefferson Street  
Suite 2000  
Louisville, Kentucky 40202-2828  
502 333-6000  
Tax ID # [REDACTED]

October 12, 2020

Big Sandy Water District  
18200 State Route 3  
bdistrict@windstream.net  
Catlettsburg KY 41129

INVOICE NO.: 940270  
SKO File No.: 122790/163644

MATTER NAME: PSC Excessive Water Loss Investigation

TOTAL FEES FOR PROFESSIONAL SERVICES PER ATTACHED 595.00

*COURTESY REDUCTION* (59.50)

TOTAL CHARGES FOR EXPENSES AND OTHER SERVICES  
PER ATTACHED 0.00

INVOICE TOTAL \$ 535.50

**TOTAL BALANCE DUE \$535.50**

# **ATTACHMENT 6d**

**Big Sandy Water District  
PSC Requested Information  
Item 6 d. Roger W Hall  
Case No. 2022-00044**

<b>Check #</b>	<b>Invoice#</b>	<b>Amount</b>	<b>Description of Payment</b>	<b>Account # Charged</b>
22408	Jan-20	\$ 500.00	Singular Activity	00633-0000
22456	Feb-20	\$ 500.00	Singular Activity	00633-0000
22504	Mar-20	\$ 500.00	Singular Activity	00633-0000
22560	Apr-20	\$ 500.00	Singular Activity	00633-0000
22605	May-20	\$ 500.00	Singular Activity	00633-0000
22651	Jun-20	\$ 500.00	Singular Activity	00633-0000
22704	Jul-20	\$ 500.00	Singular Activity	00633-0000
22755	Aug-20	\$ 500.00	Singular Activity	00633-0000
22804	Sep-20	\$ 500.00	Singular Activity	00633-0000
22846	Oct-20	\$ 500.00	Singular Activity	00633-0000
22923	Nov-20	\$ 500.00	Singular Activity	00633-0000
22952	Dec-20	\$ 500.00	Singular Activity	00633-0000
<b>Total</b>		<b>\$ 6,000.00</b>		

**BIG SANDY WATER DISTRICT**

**022408**

Check Date 01/22/2020 Check Number 22408

Vendor	RWH	Roger W. Hall	Invoice Date	Invoice Amount	Amount Paid	Discount Taken	Net Amount
015942			01/22/2020	\$500.00	\$500.00	\$0.00	\$500.00
		00633-0000		\$500.00	\$500.00	\$0.00	\$500.00
						Check Total	\$500.00

**ROGER W. HALL, Attorney at Law**

1200 Bath Avenue, Suite 200 · P. O. Box 667 · Ashland, KY 41105-0667  
Telephone: (606) 324-7156 · Fax: (606) 329-1430

January 2, 2020

Big Sandy Water District  
18200 State Route 3  
Catlettsburg, KY 41129

**BILLING STATEMENT**

---

**LEGAL SERVICES RENDERED:**

**FEE:**

December, 2019 - Contract Fee (Monthly)

\$ 500.00

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**Amount Due: \$ 500.00**

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Please forward check payable to Roger W. Hall to P. O. Box 667, Ashland, KY 41105-0667

## OLD BUSINESS

BSWD-Ashland Interconnection Project—motion made by Bill Hardin, seconded by Larry Shockey to approve and pay final pay request from G & W Construction for \$54880.01 (Contract D-1) and Sisler-Maggard Engineering for \$1563.43—and to approve final pay request from G & W Construction for \$26102.80 (Contract E-1) to be paid after impellers for pump have been installed and to transfer \$64441.37 from Revenue Account to Construction Account to finish paying pay requests. Motion carried. Jimmy reported that Ronnie Worrix (R & J Development) would like to know where tap can be located. Motion made by Charlie Shockey, seconded by Larry Shockey giving Roger Hall authority to contact PSC on what we are permitted to do and we will need letter stating information. Then Joe & Roger need to meet with R & J Development to discuss water service.

Contract H Lawrence County Line Extensions—Long Fork Road not complete yet.

Jimmy checked with Judge John Osborne concerning road to Arland Delong Tank—he told Jimmy that is a county or state road and we do not need to fix anything.

We received 3 quotes from Thornbury Construction for flooring:

Distressed Oak that is being discontinued for Telemetry room & kitchen is \$4148.99

Distressed Oak that is being discontinued for everything is \$6276.22

Waterproof laminate for Telemetry room & kitchen is \$4832.69

Waterproof laminate for everything is \$7447.35

Ceramic Tile for Telemetry room & kitchen is \$7115.00

We need more get more quotes—no action taken.

Jimmy informed commissioners of quote he received from State Electric for generator for office—30 KW diesel \$18900.00. Need to check on propane generator.

## NEW BUSINESS

Joe Sisler is checking into digitizing our blueprints.

Motion made by Bill Hardin, seconded by Larry Shockey to declare both of the 2003 Chevrolet Pickups as surplus and scrap or sell them. Motion carried.

City of Louisa is having a special meeting this evening 09/16/14 at 7:00 p.m. to discuss rates. Bill Hardin will attend.

Motion made by Charlie Shockey, seconded by Larry Shockey to go into executive session for personnel. Motion carried.

Motion made by Bill Hardin, seconded by Charlie Shockey to come out of executive session with no action taken. Motion carried.

Motion made by Bill Hardin, seconded by Charlie Shockey to retain Roger Hall as Big Sandy Water District Counsel at \$400 a month this includes everything except litigation. Motion carried.



\* File Note\* Increased 1/18/2019 to \$500/month - No minutes  
Reflected - See Invoices -

Motion made by David Salisbury, seconded by Charlie Shockey to recess meeting at 10:30. Motion carried.

BY: David Salisbury  
David Salisbury, Secretary  
Big Sandy Water District

Date Approved: 11-17-2014

BY: Paul Thomas  
Paul Thomas, Chairman  
Big Sandy Water District

**BIG SANDY WATER DISTRICT**

**022456**

Vendor	RWH	Roger W. Hall	Check Date	02/20/2020	Check Number	22456		
Voucher Number	Invoice Number	Invoice Date	Invoice Amount	Amount Paid	Discount Taken	Net Amount		
016041	02/20/20 00633-0000	02/20/2020	\$500.00 \$500.00	\$500.00 \$500.00	\$0.00 \$0.00	\$500.00 \$500.00		
					Check Total	\$500.00		



**ROGER W. HALL, Attorney at Law**

1200 Bath Avenue, Suite 200 · P. O. Box 667 · Ashland, KY 41105-0667  
Telephone: (606) 324-7156 · Fax: (606) 329-1430

February 3, 2020

Big Sandy Water District  
18200 State Route 3  
Catlettsburg, KY 41129

**BILLING STATEMENT**

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<b>LEGAL SERVICES RENDERED:</b>	<b>FEE:</b>
January, 2020 - Contract Fee (Monthly)	\$ 500.00
	<hr/>
	<b>Amount Due: \$ 500.00</b>

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Please forward check payable to Roger W. Hall to P. O. Box 667, Ashland, KY 41105-0667

**022504**

**BIG SANDY WATER DISTRICT**

Check Date 03/19/2020 Check Number 22504

Vendor	RWH	Roger W. Hall	Invoice Date	Invoice Amount	Amount Paid	Discount Taken	Net Amount
016150			03/19/2020	\$500.00	\$500.00	\$0.00	\$500.00
				\$500.00	\$500.00	\$0.00	\$500.00
						Check Total	\$500.00

**ROGER W. HALL, Attorney at Law**

1200 Bath Avenue, Suite 200 · P. O. Box 667 · Ashland, KY 41105-0667  
Telephone: (606) 324-7156 · Fax: (606) 329-1430

March 3, 2020

Big Sandy Water District  
18200 State Route 3  
Catlettsburg, KY 41129

**BILLING STATEMENT**

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**LEGAL SERVICES RENDERED:**

**FEE:**

February, 2020 - Contract Fee (Monthly)

\$ 500.00

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**Amount Due: \$ 500.00**

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Please forward check payable to Roger W. Hall to P. O. Box 667, Ashland, KY 41105-0667



**ROGER W. HALL, Attorney at Law**

1200 Bath Avenue, Suite 200 · P. O. Box 667 · Ashland, KY 41105-0667  
Telephone: (606) 324-7156 · Fax: (606) 329-1430

April 1, 2020

Big Sandy Water District  
18200 State Route 3  
Catlettsburg, KY 41129

**BILLING STATEMENT**

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<b>LEGAL SERVICES RENDERED:</b>	<b>FEE:</b>
March, 2020 - Contract Fee (Monthly)	\$ 500.00

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**Amount Due: \$ 500.00**

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Please forward check payable to Roger W. Hall to P. O. Box 667, Ashland, KY 41105-0667

**BIG SANDY WATER DISTRICT**

**022605**

Check Date 05/20/2020 Check Number 22605

Vendor RWH	Roger W. Hall	Invoice Number	Invoice Date	Invoice Amount	Amount Paid	Discount Taken	Net Amount
016364		00633-0000	05/20/2020	\$500.00	\$500.00	\$0.00	\$500.00
				\$500.00	\$500.00	\$0.00	\$500.00
							Check Total \$500.00

**ROGER W. HALL, Attorney at Law**

1200 Bath Avenue, Suite 200 · P. O. Box 667 · Ashland, KY 41105-0667  
Telephone: (606) 324-7156 · Fax: (606) 329-1430

May 1, 2020

Big Sandy Water District  
18200 State Route 3  
Catlettsburg, KY 41129

**BILLING STATEMENT**

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<b>LEGAL SERVICES RENDERED:</b>	<b>FEE:</b>
April, 2020 - Contract Fee (Monthly)	\$ 500.00

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**Amount Due: \$ 500.00**

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Please forward check payable to Roger W. Hall to P. O. Box 667, Ashland, KY 41105-0667

**BIG SANDY WATER DISTRICT**

**022651**

Vendor RWH Voucher Number	Roger W. Hall Invoice Number	Invoice Date	Check Date	Invoice Amount	Check Number	Amount Paid	Discount Taken	Net Amount
016461	06/17/20 00633-0000	06/17/2020	06/17/2020	\$500.00	22651	\$500.00	\$0.00	\$500.00
				\$500.00		\$500.00	\$0.00	\$500.00
							Check Total	\$500.00



**ROGER W. HALL, Attorney at Law**

1200 Bath Avenue, Suite 200 · P. O. Box 667 · Ashland, KY 41105-0667  
Telephone: (606) 324-7156 · Fax: (606) 329-1430

June 1, 2020

Big Sandy Water District  
18200 State Route 3  
Catlettsburg, KY 41129

**BILLING STATEMENT**

---

<b>LEGAL SERVICES RENDERED:</b>	<b>FEE:</b>
May, 2020 - Contract Fee (Monthly)	\$ 500.00

**Amount Due: \$ 500.00**

**Please forward check payable to Roger W. Hall to P. O. Box 667, Ashland, KY 41105-0667**

**BIG SANDY WATER DISTRICT**

**022704**

Check Date 07/22/2020 Check Number 22704

Vendor RWH Roger W. Hall

Vendor Voucher Number	Invoice Number	Invoice Date	Invoice Amount	Amount Paid	Discount Taken	Net Amount
016569	07/22/20	07/22/2020	\$500.00	\$500.00	\$0.00	\$500.00
	00633-0000		\$500.00	\$500.00	\$0.00	\$500.00
					Check Total	\$500.00

**ROGER W. HALL, Attorney at Law**

1200 Bath Avenue, Suite 200 · P. O. Box 667 · Ashland, KY 41105-0667  
Telephone: (606) 324-7156 · Fax: (606) 329-1430

July 1, 2020

Big Sandy Water District  
18200 State Route 3  
Catlettsburg, KY 41129

**BILLING STATEMENT**

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<b>LEGAL SERVICES RENDERED:</b>	<b>FEE:</b>
June, 2020 - Contract Fee (Monthly)	\$ 500.00
	<hr/>
<b>Amount Due:</b>	<b>\$ 500.00</b>

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Please forward check payable to Roger W. Hall to P. O. Box 667, Ashland, KY 41105-0667

**BIG SANDY WATER DISTRICT**

**022755**

Check Date 08/19/2020 Check Number 22755

Vendor RWH Voucher Number	Roger W. Hall Invoice Number	Invoice Date	Invoice Amount	Amount Paid	Discount Taken	Net Amount
016694	08/19/20 00633-0000	08/19/2020	\$500.00	\$500.00	\$0.00	\$500.00
			\$500.00	\$500.00	\$0.00	\$500.00
					Check Total	\$500.00

**ROGER W. HALL, Attorney at Law**

1200 Bath Avenue, Suite 200 · P. O. Box 667 · Ashland, KY 41105-0667  
Telephone: (606) 324-7156 · Fax: (606) 329-1430

July 31, 2020

Big Sandy Water District  
18200 State Route 3  
Catlettsburg, KY 41129

**BILLING STATEMENT**

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<b>LEGAL SERVICES RENDERED:</b>	<b>FEE:</b>
July, 2020 - Contract Fee (Monthly)	\$ 500.00
	<hr/>
<b>Amount Due:</b>	<b>\$ 500.00</b>

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Please forward check payable to Roger W. Hall to P. O. Box 667, Ashland, KY 41105-0667

**BIG SANDY WATER DISTRICT**

**022804**

Check Date 09/16/2020 Check Number 22804

Vendor RWH Voucher Number	Roger W. Hall Invoice Number	Invoice Date	Invoice Amount	Amount Paid	Discount Taken	Net Amount
016786	09/16/20 00633-0000	09/16/2020	\$500.00	\$500.00	\$0.00	\$500.00
Check Total						\$500.00

**ROGER W. HALL, Attorney at Law**

1200 Bath Avenue, Suite 200 · P. O. Box 667 · Ashland, KY 41105-0667  
Telephone: (606) 324-7156 · Fax: (606) 329-1430

August 31, 2020

Big Sandy Water District  
18200 State Route 3  
Catlettsburg, KY 41129

**BILLING STATEMENT**

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<b>LEGAL SERVICES RENDERED:</b>	<b>FEE:</b>
August, 2020 - Contract Fee (Monthly)	\$ 500.00
	<hr/>
<b>Amount Due:</b>	<b>\$ 500.00</b>

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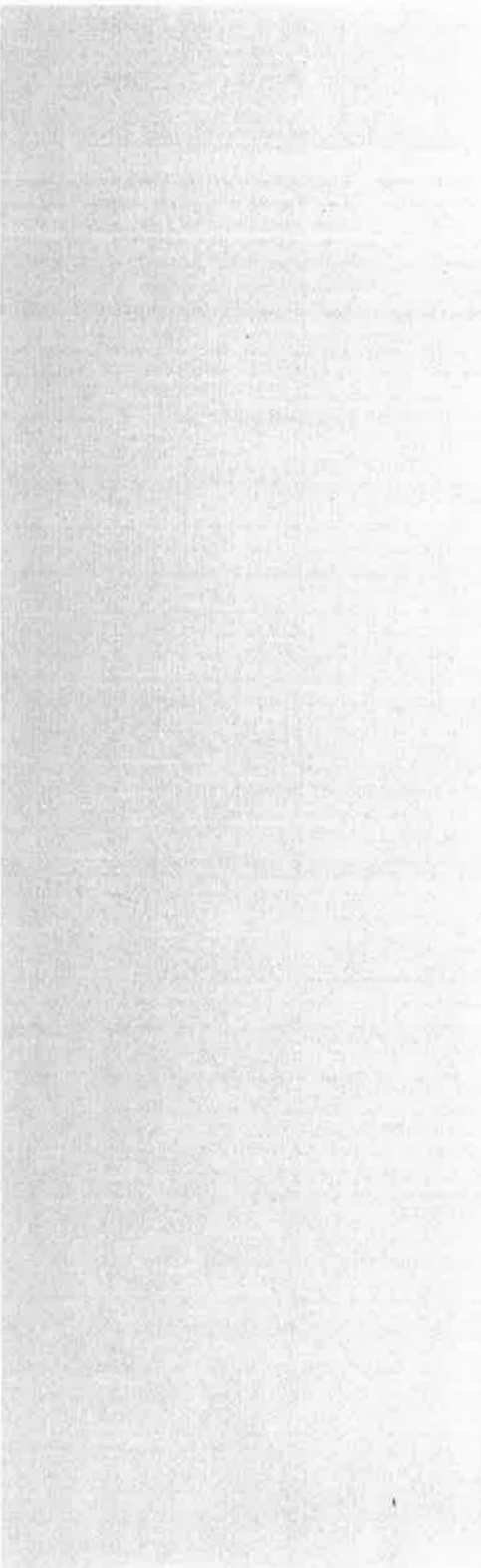
Please forward check payable to Roger W. Hall to P. O. Box 667, Ashland, KY 41105-0667

**BIG SANDY WATER DISTRICT**

**022846**

Check Date 10/16/2020 Check Number 22846

Vendor	Invoice Number	Invoice Date	Invoice Amount	Amount Paid	Discount Taken	Net Amount
RWH	10-16-2020	10/14/2020	\$500.00	\$500.00	\$0.00	\$500.00
	00633-0000		\$500.00	\$500.00	\$0.00	\$500.00
					Check Total	\$500.00



**ROGER W. HALL, Attorney at Law**

1200 Bath Avenue, Suite 200 · P. O. Box 667 · Ashland, KY 41105-0667  
Telephone: (606) 324-7156 · Fax: (606) 329-1430

September 30, 2020



**BIG SANDY WATER DISTRICT**

**022923**

Vendor	RWH	Roger W. Hall	Check Date	11/16/2020	Check Number	22923	Net Amount						
Voucher Number	016944	Invoice Number	11/20/2020	00633-0000	Invoice Date	11/16/2020	Invoice Amount	\$500.00	Amount Paid	\$500.00	Discount Taken	\$0.00	\$500.00
							Check Total	\$500.00					\$500.00

**ROGER W. HALL, Attorney at Law**

1200 Bath Avenue, Suite 200 · P. O. Box 667 · Ashland, KY 41105-0667  
Telephone: (606) 324-7156 · Fax: (606) 329-1430

November 2, 2020

Big Sandy Water District  
18200 State Route 3  
Catlettsburg, KY 41129

**BILLING STATEMENT**

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<b>LEGAL SERVICES RENDERED:</b>	<b>FEE:</b>
October, 2020 - Contract Fee (Monthly)	\$ 500.00
	<hr/>
<b>Amount Due:</b>	<b>\$ 500.00</b>

---

Please forward check payable to Roger W. Hall to P. O. Box 667, Ashland, KY 41105-0667

**BIG SANDY WATER DISTRICT**

**022952**

Vendor	RWH	Roger W. Hall	Check Date	12/04/2020	Check Number	22952	Net Amount
Voucher Number	Invoice Number	Invoice Number	Invoice Date	Invoice Amount	Amount Paid	Discount Taken	
016987	12/04/2020	00633-0000	12/04/2020	\$500.00	\$500.00	\$0.00	\$500.00
				\$500.00	\$500.00	\$0.00	\$500.00
							Check Total \$500.00

**ROGER W. HALL, Attorney at Law**

1200 Bath Avenue, Suite 200 · P. O. Box 667 · Ashland, KY 41105-0667  
Telephone: (606) 324-7156 · Fax: (606) 329-1430

November 30, 2020

Big Sandy Water District  
18200 State Route 3  
Catlettsburg, KY 41129

**BILLING STATEMENT**

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**LEGAL SERVICES RENDERED:**

**FEE:**

November, 2020 - Contract Fee (Monthly)

\$ 500.00

500.<sup>00</sup>

**Amount Due: \$ 500.00**

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Please forward check payable to Roger W. Hall to P. O. Box 667, Ashland, KY 41105-0667

# **ATTACHMENT 6e**

**Big Sandy Water District  
PSC Requested Information  
Item 6 e. United Systems & Software  
Case No. 2022-00044**

<b>Check #</b>	<b>Invoice#</b>	<b>Amount</b>	<b>Description of Payment</b>	<b>Account # Charged</b>
22543	76663	\$ 5,595.00	Singular Activity	00636-0000
22543	76540	\$ 675.00	Singular Activity	00636-0000
<b>Total</b>		<b>\$ 6,270.00</b>		

## BIG SANDY WATER DISTRICT

022543

Check Date 04/10/2020 Check Number 22543

Vendor	UNITED	United Systems & Software, Inc	Invoice Date	Invoice Amount	Amount Paid	Discount Taken	Net Amount
Voucher Number	Invoice Number						
016219	76540		04/10/2020	\$675.00	\$675.00	\$0.00	\$675.00
	00636-0000			\$675.00	\$675.00	\$0.00	\$675.00
016220	76663		04/10/2020	\$5,595.00	\$5,595.00	\$0.00	\$5,595.00
	00636-0000			\$5,595.00	\$5,595.00	\$0.00	\$5,595.00
						Check Total	\$6,270.00



United Systems & Software, Inc  
 PO Box 547  
 Benton, Ky 42025  
 Phone (270) 527-3293  
 Fax (270) 527-3132  
 www.united-systems.com

# INVOICE

Invoice Date	Invoice Number	Page
03/31/20	76540	1 Of 1



SOLD BIG SANDY WATER DISTRICT  
 TO 18200 STATE RT 3  
 CATLETTSBURG, KY 41129-9215

SHIP BIG SANDY WATER DISTRICT  
 TO 18200 STATE RT 3  
 CATLETTSBURG, KY 41129-9215  
 (606) 928-2075

Order Number	Order Date	Customer Number	Sales Representative	Purchase Order Number	Ship Via	Ship Date	Payment Terms
62422	03/31/20	230	Daniel Brown		UPS		Net 10
Quantity Ordered	Quantity Shipped	Item Number & Description			Unit Price	Extended Price	
3	3	*TPM Technology Process Management with Cloud Backup - Monthly			\$225.00	\$675.00	

Past due invoices will be assessed 1% interest per month. WE ARE UPDATING OUR RECORDS. PLEASE FORWARD CURRENT EMAIL ADDRESSES TO kimberlyc@united-systems.com.

Sales Amount	\$675.00
Sales Tax	\$0.00
Freight	\$0.00
Sub-Total	\$675.00
Amount Paid	\$0.00
Balance Due	\$675.00

Original





United Systems & Software, Inc  
 PO Box 547  
 205 Ash St  
 Benton, Ky 42025  
 Phone (270) 527-3293  
 Fax (270) 527-3132  
 www.united-systems.com

# INVOICE

Invoice Date	Invoice Number	Page
03/31/20	76663	1 Of 1



SOLD BIG SANDY WATER DISTRICT  
 TO 18200 STATE RT 3  
 CATLETTSBURG, KY 41129-9215

SHIP BIG SANDY WATER DISTRICT  
 TO 18200 STATE RT 3  
 CATLETTSBURG, KY 41129-9215  
 (606) 928-2075

Order Number	Order Date	Customer Number	Sales Representative	Purchase Order Number	Ship Via	Ship Date	Payment Terms
62545	03/31/20	230	Daniel Brown		UPS		Net 10
Quantity Ordered	Quantity Shipped	Item Number & Description			Unit Price	Extended Price	
1	1	*SUPPORTCTT Annual Software Support Contract Term: 04/01/20 - 3/31/21			\$5,595.00	\$5,595.00	

Past due invoices will be assessed 1% interest per month. WE ARE UPDATING OUR RECORDS. PLEASE FORWARD CURRENT EMAIL ADDRESSES TO kimberlyc@united-systems.com.

Sales Amount	\$5,595.00
Sales Tax	\$0.00
Freight	\$0.00
Sub-Total	\$5,595.00
Amount Paid	\$0.00
Balance Due	\$5,595.00

Original

# **ATTACHMENT 6f**

**Big Sandy Water District  
PSC Requested Information  
Item 6 f. Neptune Equipment Company  
Case No. 2022-00044**

<b>Check #</b>	<b>Invoice#</b>	<b>Amount</b>	<b>Description of Payment</b>	<b>Account # Charged</b>
22558	142704	\$ 1,300.00	Singular Activity	00636-0000
22558	142704	\$ 3,972.00	Component of Larger Project	00636-0000
22993	144305	\$ 12,630.18	Component of Larger Project	00636-0000
Total		\$ 17,902.18		

**BIG SANDY WATER DISTRICT**

**022558**

Check Date 04/22/2020 Check Number 22558

Vendor NEPTUNE Neptune Equipment Company

Voucher Number	Invoice Number	Invoice Date	Invoice Amount	Amount Paid	Discount Taken	Net Amount
016262	142704	04/22/2020	\$5,272.00	\$5,272.00	\$0.00	\$5,272.00
	00636-0000		\$5,272.00	\$5,272.00	\$0.00	\$5,272.00
				Check Total		\$5,272.00



Neptune Equipment Company  
 11082 Southland Road  
 Cincinnati, OH 45240-3713  
 UNITED STATES  
 (513)-851-8008

PAGE 1

INVOICE DATE 3/31/2020  
 INVOICE NO 142704

**S** BIG010  
**O** BIG SANDY WATER  
**L** 18200 KY. RT #3  
**D** CATLETTSBURG, KY 41129  
**T**  
**O**

**S** BIG SANDY WATER  
**H** 18200 KY. RT #3  
**I** CATLETTSBURG, KY 41129  
**P**  
**T**  
**O**

TOTAL DUE 5,272.00

SLS1	SLS2	DUE DATE	DISC DUE DATE	ORDER NO	ORDER DATE	SHIP NO
BH		4/30/2020	3/31/2020	00020924	3/31/2020	

TERMS DESCRIPTION	CUSTOMER PO NO	SHIP VIA	SHIP DATE
n/30	TERESA2020	MAINTENANCE	3/31/2020

ITEM ID	TX CL	UNITS	ORDERED	SHIPPED	UNIT PRICE	EXTENSION
M	0	EA	1.0000	1.0000	1,300.0000	1,300.00
MAINTENANCE FOR PERIOD 4/1/2020 TO 3/31/2021 N_SIGHT SOFTWARE 5.6						
M	0	EA	4.0000	4.0000	993.0000	3,972.00
MAINTENANCE CE 5320 HH/ CRADLE ES8823 / EG10668 ES8850 / EG10695  TRIMBLE RANGER RS3Q81169 ES6SD12343						

1-1/2% CHARGE PER MONTH ADDED AFTER 30 DAYS!

TAXABLE	NONTAXABLE	FREIGHT	SALES TAX	MISC	TOTAL
0.00	5,272.00	0.00	0.00	0.00	5,272.00
<b>TOTAL DUE</b>					<b>5,272.00</b>

FOR SECURITY PURPOSES THE FACE OF THIS DOCUMENT CONTAINS A COLORED BACKGROUND AND MICROPRINTING

BIG SANDY WATER DISTRICT  
OPERATION AND MAINTENANCE  
18211 STATE ROUTE 3  
CATLETTSBURG, KENTUCKY 41129  
(606) 928-2075

CITY NATIONAL BANK  
1500 Curlier Ave.  
Ashland, KY 41101  
(606) 324-7106  
09-4522510

12/18/2020

022993

\*\*\*\*\*12,630.18

22993

PAY

Twelve Thousand Six Hundred Thirty And 18/100\*\*\*\*\* DOLLARS

TO THE ORDER OF  
NEPTUNE EQUIPMENT COMPANY  
11082 SOUTHLAND RD  
CINCINNATI, OH 45240

*Charles Sharkey*

AUTHORIZED SIGNATURES

THIS DOCUMENT CONTAINS A TRUE WATERMARK - HOLD TO A LIGHT TO VIEW

WARNING: DO NOT CASH WITHOUT  
NOTING WATERMARK

X  
PAY TO THE ORDER OF  
CINCINNATI OH 45202  
NEPTUNE EQUIPMENT CO  
0191837101

DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE  
RESERVED FOR FUTURE USE BY THE ISSUING AGENCY

20201221009401313251

20201221009401313251

FEDERAL RESERVE NOTE, INCORPORATED, BOARD OF GOVERNORS REG. CO.

Neptune Equipment Company  
 11082 Southland Road  
 Cincinnati, OH 45240-3713  
 UNITED STATES  
 (513)-851-8008

PAGE 1

INVOICE DATE 12/7/2020  
 INVOICE NO 144305

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BIG010  
BIG SANDY WATER  
18200 STATE ROUTE 3  
CATLETTSBURG, KY 41129

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BIG SANDY  
18200 STATE ROUTE 3  
CATLETTSBURG, KY 41129

TOTAL DUE 12,630.18

SLS1	SLS2	DUE DATE	DISC DUE DATE	ORDER NO	ORDER DATE	SHIP NO
BH		1/6/2021	12/7/2020	00022392	12/7/2020	

TERMS DESCRIPTION	CUSTOMER PO NO	SHIP VIA	SHIP DATE
n/30	JB1120	XPO 12/3/20	12/7/2020

ITEM ID	TX CL	UNITS	ORDERED	SHIPPED	UNIT PRICE	EXTENSION
WP 13442-200	0	EA	100.0000	100.0000	125.0000	12,500.00
R900 V4 PIT MIU 6' ASSY COMPLETE						

1-1/2% CHARGE PER MONTH ADDED AFTER 30 DAYS!

TAXABLE	NONTAXABLE	FREIGHT	SALES TAX	MISC	TOTAL
0.00	12,500.00	130.18	0.00	0.00	12,630.18
<b>TOTAL DUE</b>					<b>12,630.18</b>

# **ATTACHMENT 6g**



**Big Sandy Water District  
PSC Requested Information  
Item 6 g. Micro-Comm  
Case No. 2022-00044**

<b>Check #</b>	<b>Invoice#</b>	<b>Amount</b>	<b>Description of Payment</b>	<b>Account # Charged</b>
22603	Renewal of Contract	\$ 9,575.00	Singular Activity	00636-0000
2885	13963	\$ 10,332.40	Component of Larger Project	00636-0000
<b>Total</b>		<b>\$ 19,907.40</b>		

**BIG SANDY WATER DISTRICT**

**022603**

Check Date 05/20/2020 Check Number 22603

Vendor	MICRO	Micro-Comm Inc	Invoice Date	Invoice Amount	Amount Paid	Discount Taken	Net Amount
Voucher Number	Invoice Number						
016359	05/20/20		05/20/2020	\$9,575.00	\$9,575.00	\$0.00	\$9,575.00
	00636-0000			\$9,575.00	\$9,575.00	\$0.00	\$9,575.00
						Check Total	\$9,575.00



3/3/2020

Attn Jimmy Blanton  
Big Sandy Water District  
18200 State Route 3  
Catlettsburg KY 41129

15895 S. Pflumm Rd.  
Olathe, KS 66062  
(913) 390-4500  
FAX: (913) 390-4550  
www.micro-comm-inc.com

Extended Service Warranty Proposal

Dear Jimmy:

According to our records, your Micro-Comm telemetry system service contract number(s) SC0121 will expire on 5/30/2020. For \$9575.00 which includes damage caused by lightning, Micro-Comm will provide part replacement, phone support, and internet troubleshooting, for job number(s) 94-059, 97-047, 97-103, 01-067, 04-076, 05-135, 13-111, 13-112.

Please read and review the following:

Terms and Conditions of the Service Plan:

1. Micro-Comm, Inc. shall be liable only for the cost or repair of any Micro-Comm manufactured equipment including radio, power supply, batteries, RTU and CTU Battery backup units, relays, phone dialers; light bulbs, external modems, MC L5A and Keller Well Transducers, Minco sensors, relays, and associated equipment required for system operation as designed (see below #6).
2. In the event of equipment failures or equipment damaged by lightning. Micro-Comm will supply troubleshooting, using phone and internet log in to determine parts necessary to complete repairs and return system to previous level of operation. Parts will be shipped by the quickest method available to job site. Customer shall supply labor for removal and installation of equipment at customer's premises. Return of defective equipment to Micro-Comm is customer responsibility.
3. In the event exact replacement parts are no longer available, Micro-Comm will (at its discretion) replace the existing equipment or components with similar or "current production" materials to restore the control system back to its original level of operation. Prior to replacement, Micro-Comm will identify the materials to be used, estimate labor to update software, records, drawings and software documentation. Update labor rate of \$90 hour will apply, any new or additional features that are available with this replacement equipment will be offered to the customer for an additional expense, parts plus labor to be quoted upon request.
4. This plan is void and does not apply if damage to equipment is caused by: flooding, high winds, tornado, hurricanes, freezing, fire, chemical damage, vandalism, improper Installation, improper maintenance, accident, alteration, abuse, or misuse, (by other than Micro-Comm, Inc. or it's designates).
5. Micro-Comm's sole obligation in case of its equipment failure will be to provide the service specified above. Micro-Comm will not be liable for any consequential or Incidental damage to system failures. Micro-Comm will not be liable for downtime, i.e. Overtime labor and travel to and from sites.
6. The plan is for Micro-Comm manufactured parts only. The following list is an example of Items; not covered: Non-Micro Comm PLC's, VFD's, BW probes, Omega sensors, chart recorders, chart pens, and paper, phase monitors, pump alternators. Flow meters, flow sensors, chemical feed and chemical monitoring equipment., computers, keyboards, monitors, Computer battery backup units, printers, routers, switches, external wiring, and cabling.

7 The Service Plan coverage provided by Micro-Comm, Inc. begins when current system warranty ends and provides coverage for one calendar year from warranty end date. Warranty end date will be extended when a signed copy of Service Plan and payment are received. Non-Warranty Customer warranty date will be assigned when a signed copy of Service Plan and payment has been received.

Micro-Comm's normal service rates are \$125/hour with a four-hour minimum on site service, plus \$50/hour travel time to and from job site, expenses (airfare, car rental, parking + 10%), \$200 overnight (meals and lodging), or \$50-day meals and expenses charge.

Software changes and remote site modifications can be purchased for \$750 per modification, plus \$125 per hour to bring drawings, records, and software up to date for requested changes, quotes will be supplied for requested changes. System upgrades and expansion work can be requested through our sales department.

Under the terms of this service plan, a reduced service rate is provided as part of coverage. \$90/hour with a four-hour minimum, plus \$40/hour travel time, expenses (airfare, car rental, parking + 10%), and \$200 overnight (meals and lodging), or \$50-day meals and expenses charge for onsite service. ISP router assistance, internet configuration, network router/switch assistance, and new or backup computer setup of equipment not provided by Micro-Comm will be billed at \$90/hour with a four-hour minimum will apply.

Software changes (adding outputs, inputs, flow meter change out, chemical pumps, control group modifications, station type changes) and remote site modifications will be included as part of service contract coverage. Customer will be charged \$90 per hour (4-hour minimum) to bring drawings, records, and software up to date for requested changes. Service Contract customers will receive a discount on new computers, software additions, and same version software updates completed by a Micro-Comm technician.

System upgrades and expansion work will receive a 10% cost savings through system service contract coverage. Discussion of these options and all service matters is available by contacting Mark Stockton, Service Manager, Micro-Comm, Inc. or our sales department at any time, convenient for you.

Should you choose to purchase/renew this service plan YOU MUST complete the form below, and return this letter to us with a check payable to Micro-Comm, Inc.

Customers that require an invoice number, please indicate requirement on the returned proposal with a P.O. Number and you will be invoiced as requested. Please write Service Plan number on your check and P.O. If you have any questions, feel free to contact me at any time.

Sincerely,

MICRO-COMM, INC.



Mark Stockton  
Service Manager

15895 S. Pflumm Rd.  
Olathe, Kansas 66062  
913-390-4500 office  
913-909-3195 cell  
mstockton@mc-mail.com

Enclosure

I have read and fully understand the terms and conditions of the Service Plan as stated above.

Accepted by: Lucas Bran

Date: 5/22/2020

Amount of Check Enclosed: \_\_\_\_\_

Optional, P.O. Number: \_\_\_\_\_

**City National Bank-Construction Account**  
**70025556**  
**131-94**

General Ledger Account—Credit 131-94

Electronic

Date: 10/30/2020

Check Written To: Microcomm

Amount: \$ 10,332.40

Purpose:

Computer Account Number  
General Ledger Debit

# 2885

# MICRO-COMM

15895 S. Pflumm Rd.  
Olathe, KS 66062-8502  
(913) 390-4500  
FAX: (913) 390-4550  
www.micro-comm-inc.com

## INVOICE

Invoice No.: 13963  
Invoice Date: 05/20/20  
Due Date: 06/19/20

PAY ESTIMATE: NO  
Customer No.: C0000246  
Cust PO #:  
Job #: 20051  
Job Desc.: Big Sandy Water District

**BILL TO:**  
Big Sandy Water District  
18200 State Route 3

Catlettsburg KY 41129

**SHIP TO:**  
Big Sandy Water District  
18200 State Route 3

Catlettsburg KY 41129

Salesperson: John Waren  
Customer Contact: Jimmy Blanton  
Terms: Net 20

Ship Via: UPS Ground  
TRACKING #:

Thanks for sending us your payment promptly. We appreciate your business!

#	Description	Price	Total
1	(3) Pump Station RTU Replacements, CTU Relocate	\$ 51,662.0000	\$ 51,662.00

Subtotal	\$ 51,662.00
Shipping	
Tax	
Total	\$ 51,662.00
Deposit	\$ 41,329.60
Balance Due	\$ 10,332.40

Mary Peavery  
913-390-4500  
Micro-Comm  
emailed 9/30/20. Remaining balance  
Rusty said they are done.  
Told her we would pay next week.  
Jimmy said it needs to be approved @ the Board Meeting unless it was in the minutes not in minutes.  
10/7/20 called left a message

CK#  
2885  
Paid 10/23/2020

Remarks: Based On Sales Quotations 11209. Based On Sales Orders 17834

PLEASE REMIT THIS AMOUNT PAST DUE BALANCES ARE SUBJECT TO LATE PAYMENT CHARGES OF 1 1/2 % PER MONTH  
NOTICE TO CONTRACTORS: This invoice must be paid before services can be scheduled or provided

# **ATTACHMENT 6h**



**Big Sandy Water District**  
**PSC Requested Information**  
**Item 6 h. Kirkland's Lock Service Inc**  
**Case No. 2022-00044**

<b>Check #</b>	<b>Invoice#</b>	<b>Amount</b>	<b>Description of Payment</b>	<b>Account # Charged</b>
	2880 Relocating Sys to New Bldg	\$ 1,400.00	Component of Larger Project	00636-0000
	2880 Drive-thru chime	\$ 560.00	Component of Larger Project	00636-0000
<b>Total</b>		\$ 1,960.00		

**City National Bank-Construction Account**  
**70025556**  
**131-94**

General Ledger Account—Credit 131-94

~~Electronic~~ *JASU*

Date: *9/30/20*

Check Written To: *Kirklands*

Amount: \$ *1960.00*

Purpose:

Computer Account Number  
General Ledger Debit *10510*

KIRKLAND'S LOCK SERVICE, Inc.  
410 E. MAIN STREET  
GRAYSON, KY 41143  
606-474-4451 / 606-255-0208 cell

SEPTEMBER 9, 2020

BIG SANDY WATER DISTRICT  
18200 STATE ROUTE 3  
CATLETTSBURG, KY. 41129  
ATTN: TERESA  
[bdistrict@windstream.net](mailto:bdistrict@windstream.net)

INVOICE

MOVING ALARM SYSTEM & TELEPHONE SYSTEM TO NEW BUILDING

MATERIALS	200.00
TAX	EXEMPT
LABOR	1,200.00
TOTAL	\$1,400.00

THE LABOR PRICE IS FOR RELOCATING THE TELEPHONE SYSTEM AND SECURITY SYSTEM AND PROGRAMING THE ALARM SYSTEM FOR THE NEW BUILDING.

TIM KIRKLAND

**Big Sandy Water District**

---

**From:** Tim <tklsinc1946@hotmail.com>  
**Sent:** Wednesday, September 9, 2020 9:02 AM  
**To:** bdistrict@windstream.net  
**Subject:** DRIVE THRU ANNOUNCER

SEPTEMBER 9, 2020

TERESA, HERE IS THE PRICE ON THE DRIVE THRU CHIME.

1	CT2B CONTROL UNIT W/TRANSFORMER	280.00
1	CT6-50 WAND AND WIRE	90.00
1	CM5 CHIME WITH VOLUMN CONTROL	70.00
	CONTROL WIRE	10.00
	MATERIALS	450.00
		NO TAX
	LABOR	100.00
	TOTAL	560.00

I INSTALLED THIS SOME UNIT AT RATTLESNAKE RIDGE WATER'S NEW OFFICE  
SORRY I DID NOT GET THIS TO YOU SOONER.

TIM KIRKLAND  
606-255-0208



Virus-free. [www.avast.com](http://www.avast.com)

# **ATTACHMENT 6i**

Big Sandy Water District  
Inventory  
12/31/2020

JDL  
062321

620-0001

Per CI Thornburg report	\$	195,354.98	from XVII A19
Per ledger	\$	90,078.84	
Difference	\$	105,276.14	
		AJE	

Value at lower of cost or market.

**Conclusion**

Inventory properly accounted for, documented and classified.

**JDL 062321**

## Big Sandy Water District Dec 31, 2020 Inventory

*JA*  
062321

<u>Quantity</u>	<u>Size</u>	<u>Description</u>	<u>Threads</u>	<u>Price</u>	<u>Total</u>
7	2" X 3/4"	Brass Saddles	AWWWA	\$24.55	\$171.85
2	2" X 1"	Brass Saddles	AWWWA	\$14.66	\$0.00
2	3" X 3/4"	Brass Saddles	AWWWA	\$27.45	\$54.90
1	3" X 3/4"	Brass Saddles	IPT	\$27.45	\$27.45
4	3" X 1"	Brass Saddles	AWWWA	\$29.20	\$116.80
1	3" X 2"	Brass Saddles	IPT	\$68.14	\$68.14
7	4" X 3/4"	Brass Saddles	AWWWA	\$32.59	\$228.13
6	4" X 1"	Brass Saddles	AWWWA	\$22.22	\$133.32
3	4" X 2"	Brass Saddles	IPT	\$45.38	\$136.14
4	6" X 3/4"	Brass Saddles	AWWWA	\$43.71	\$174.84
6	6" X 1"	Brass Saddles	AWWWA	\$42.52	\$0.00
2	6" X 2"	Brass Saddles	IPT	\$39.00	\$78.00
4	8" X 3/4"	Brass Saddles	AWWWA	\$47.73	\$190.92
2	8" X 1"	Brass Saddles	AWWWA	\$47.73	\$95.46
1	8" X 2"	Brass Saddles	AWWWA	\$67.28	\$67.28
1	12" X 3/4"	Brass Saddles (Old)	AWWWA	\$38.00	\$38.00
1	12" X 1"	Brass Saddles	AWWWA	\$44.00	\$44.00
1	12" X 2"	Brass Saddles (Old)	IPT	\$59.00	\$59.00
22	3/4"	Corp Stops	AWWWA	\$22.33	\$491.26
3	3/4"	Corp Stops	IPT	\$29.24	\$0.00
14	1"	Corp Stops	AWWWA	\$41.66	\$583.24
1	1"	Corp Stops	IPT	\$33.30	\$0.00
1	1 1/2"	Plug Valves (Used)	IPT	\$50.00	\$50.00
2	2"	Hand Gate Valves	IPT	\$18.00	\$36.00
5	2"	Close Nipples	IPT	\$8.94	\$44.70
3	3/4"	CTS 3" Snap Clamp		\$13.85	\$0.00
1	1"	Snap Clamp		\$16.45	\$0.00
3	3/4"	Snap Clamp		\$16.45	\$0.00
5	2"	Brass Unions		\$15.18	\$75.90
15	3/4" MIP X 3/4" CT G.R. (Fittings)			\$13.15	\$197.25
26	3/4" FIP X 3/4" CT G.R. (Fittings)			\$13.15	\$341.90

*XVII 4*

**Big Sandy Water District  
Dec 31, 2020  
Inventory**

*TR*  
061321

<u>Quantity</u>	<u>Size</u>	<u>Description</u>	<u>Threads</u>	<u>Price</u>	<u>Total</u>
26	3/4" CTS	Gripper Ring Couplings		\$18.43	\$479.18
14	3/4" CTS X 1" CTS	Couplings		\$12.51	\$175.14
12	3/4" MIP X 1" CTS	Couplings		\$10.99	\$131.88
12	3/4" FIP X 1" CTS	Couplings		\$12.29	\$147.48
6	3/4" CTS X 3/4" PE	Couplings		\$14.92	\$89.52
3/4"	CTS X 3/4" PV	Couplings		\$12.00	\$0.00
7	3/4" PEP X 3/4" PE	Couplings		\$18.36	\$128.52
12	3/4" FIP X 3/4" PE	Couplings		\$12.30	\$147.60
3/4"	MIP X 3/4" PE	Couplings		\$12.30	\$0.00
8	3/4" CTS	G.R. Tees		\$37.00	\$296.00
1	3/4" PEP	G.R. Tees		\$28.97	\$28.97
10	1" MIP X 1" CTS	G.R. Couplings		\$12.00	\$120.00
20	1" FIP X 1" CTS	G.R. Couplings		\$12.00	\$240.00
3	1" MIP X 1" PEP	G.R. Couplings		\$10.00	\$30.00
3	1" FIP X 1" PEP	P.J. Couplings		\$10.00	\$30.00
2	1" CTS X 1" PEP	G.R. Couplings		\$12.50	\$25.00
2	1" PEP X 1" PEP	P.J. Couplings		\$31.70	\$63.40
30	1" CTS X 1" CTS	G.R. Couplings		\$21.32	\$639.60
1	2" X 2" X 2"	Threaded Tees		\$16.90	\$16.90
1	2" 90 Degree	Street L		\$11.25	\$11.25
4	2" MIP X 2" PVC	Couplings		\$53.87	\$215.48
7	1" CTS	Tees		\$41.00	\$287.00
1	2" FIP X 2" CTS	Adapters		\$48.26	\$48.26
9	2" MIP X 2" CTS	Adapters		\$50.87	\$457.83
1	2" CTS X 2" CTS	Couplings		\$47.28	\$47.28
10	3/4"	Close Nipples		\$3.60	\$36.00
1	1" X 1" X 3/4" CTS	Tees		\$30.50	\$0.00
3/4"	X 4"	Close Nipples		\$6.25	\$0.00
3/4"	X 6"	Close Nipples		\$8.75	\$0.00
1	3/4" X 8"	Close Nipples		\$9.07	\$9.07
8	1"	Close Nipples		\$2.25	\$18.00

*TR*



**Big Sandy Water District  
Dec 31, 2020  
Inventory**

*JAC*  
062321

Quantity	Size	Description	Threads	Price	Total
1	1" X 3"	Close Nipples		\$2.95	\$2.95
	2" X 6"	Close Nipples		\$17.25	\$0.00
14	3/4"	Brass Threaded Couplings		\$2.05	\$28.70
6	3/4"	IP Threaded Tees		\$4.50	\$27.00
7	3/4" X 1"	IP Threaded Couplings		\$2.50	\$17.50
3	1"	Brass Tees		\$5.47	\$16.41
16	1"	IP Threaded Couplings		\$5.75	\$92.00
10	1"	Threaded 90		\$6.48	\$64.80
1	1 1/2"	IP Threaded Couplings		\$10.00	\$10.00
2	2"	IP Threaded Couplings		\$11.52	\$0.00
72	3/4"	Regulators (Less Union)		\$45.00	\$3,240.00
2	3/4"	Regulators (With Union)		\$45.00	\$90.00
3	3/4"	Regulator Repair Kits		\$10.00	\$0.00
1	1"	Regulators (Less Union)		\$62.77	\$0.00
3	1"	Regulators (With Union)		\$62.77	\$188.31
4	4	U Branches for Dual Setters		\$25.00	\$100.00
200	200	Assorted Brass Fittings		\$2.00	\$400.00
4	3/4"	Air Release Valves		\$59.95	\$239.80
	3/4"	Cut in Dual Check Valves		\$22.00	\$0.00
1	2" MIP X 2" PVC	Couplings		\$65.00	\$65.00
	1" X 6"	Brass Nipples		\$4.50	\$0.00
	6"	OMNI Coupling		\$177.66	\$0.00
<b>Pipe</b>					
100	2"	Class 200 PVC Pipe		\$0.55	\$55.00
360	3"	Class 200 PVC Pipe		\$0.93	\$334.80
180	4"	Class 200 PVC Pipe		\$1.95	\$351.00
40	6"	Class 200 PVC Pipe		\$2.81	\$112.40
120	8"	Class 200 PVC Pipe		\$7.25	\$870.00
40	10"	Class 200 PVC Pipe		\$18.53	\$741.20
30	3"	IPS DR-9 HDPE		\$1.95	\$58.50

*3/11/23*

**Big Sandy Water District  
Dec 31, 2020  
Inventory**

<u>Quantity</u>	<u>Size</u>	<u>Description</u>	<u>Threads</u>	<u>Price</u>	<u>Total</u>
40	12"	Class 200 PVC Pipe		\$7.30	\$292.00
900	3/4"	CTS Service Line		\$0.24	\$216.00
500	1"	CTS Service Line		\$0.34	\$170.00
100	2"	CTS Service Line		\$1.20	\$120.00
80	6"	Yellow Mine Pipe		\$7.75	\$620.00
	2"	Yellow Mine Pipe			\$0.00
1000	3"	Yellow Mine Pipe		\$3.75	\$3,750.00
120	4"	Yellow Mine Pipe		\$4.05	\$486.00
450	3/4"	Inserts (CTS)		\$1.46	\$657.00
40	3/4"	Inserts (PEP)		\$1.26	\$50.40
50	1"	Inserts (CTS)		\$1.65	\$82.50
30	1"	Inserts (PEP)		\$1.33	\$39.90
4	2"	Inserts (CTS)		\$3.10	\$12.40
<b>Meter Wells &amp; Lids</b>					
2	18" X 24"	Meter Wells (Our Boxes)		\$21.50	\$43.00
2	18" X 24"	Meter Wells (White Boxes)		\$48.00	\$96.00
18	X 30"	Meter Wells (White Boxes)		\$52.00	\$0.00
36	X 36"	Meter Wells			\$0.00
1	36" X 20"	Extension Rings		\$150.00	\$150.00
24	X 18"	Extension Rings		\$56.32	\$0.00
2	18"	Meter Well Lids (Raised Lids) New		\$48.00	\$96.00
20		Meter Well Lids (Raised Lids)		\$58.00	\$0.00
25	18"	Metal Lids (Raised) Used		\$10.00	\$250.00
18		Plastic Lids (Raised)		\$47.75	\$0.00
6	18"	Meter Well Lids (Flat)		\$32.00	\$192.00
12	18" X 3"	Meter Well Risers		\$25.76	\$309.12
10	18" X 6"	Meter Well Risers		\$29.76	\$297.60
4	18" X 12"	Meter Well Risers		\$24.15	\$96.60
2		Ford Meter Idlers		\$19.90	\$39.80

~~XVII~~ *Handwritten mark*

*Handwritten initials and date: JAE 062321*

## Big Sandy Water District Dec 31, 2020 Inventory

*JTC*  
06/23/21

Quantity	Size	Description	Threads	Price	Total
<b>Copper Setters</b>					
	3/4" X 3/4" CTS	P. J. Tandem Setters		\$137.72	\$0.00
	3/4" X 3/4"	Threaded Tandem		\$118.23	\$0.00
	3/4"	Assorted Single Setters		\$50.00	\$0.00
1	1"	Singles Setters		\$125.00	\$125.00
2	1"	Tandem Setters		\$576.06	\$1,152.12
	1 1/2"	Copper Setters			\$0.00
2	2"	Copper Setters			\$0.00
2	3/4" X 7 1/2"	Resettlers		\$75.85	\$151.70
1	3/4" X 9"	Resettlers		\$117.15	\$117.15
	3/4" X 12"	Resettlers			\$0.00
	3/4" X 15"	Resettlers			\$0.00
	3/4" X 18"	Resettlers			\$0.00
	3/4" X 30"	Resettlers			\$0.00
<b>Meters &amp; Parts</b>					
	10 5/8" X 3/4"	Rockwell or Sensus (Touch)		\$100.00	\$1,000.00
1	1"	Neptune Pro Read (New)			\$0.00
1340	5/8" X 3/4"	Neptune Radio Read T-10's		\$95.00	\$127,300.00
	5/8" X 3/4"	Neptune Pro Read (New)		\$0.00	\$0.00
5	1"	Meters (Used)		\$35.00	\$175.00
	1 1/2"	Meters (Used)		\$75.00	\$0.00
2	2"	Meters (Invensurs 2" Compound) (New)		\$1,190.00	\$0.00
2	2"	Meters (New)			\$0.00
4	2"	Meters (Used)		\$150.00	\$600.00
3	3"	Meters (New) Neptune		\$1,566.00	\$0.00
1	3"	Meters (Used) Compound		\$400.00	\$400.00
1	3"	Meters (Used) Turbine		\$250.00	\$250.00
4	4"	Meters (Used)		\$300.00	\$1,200.00
	5/8"	Neptune Pro Read Heads		\$68.00	\$0.00
	5/8" X 3/4"	Pro Read Meter (Neptune) (Used)		\$89.00	\$0.00

*XVII AS*

## Big Sandy Water District Dec 31, 2020 Inventory

<u>Quantity</u>	<u>Size</u>	<u>Description</u>	<u>Threads</u>	<u>Price</u>	<u>Total</u>
2	5/8" X 5/8"	Meter (Used)		\$15.00	\$0.00
		Neptune Used Meters		\$20.00	\$0.00
		Rockwell-Sensus Used Meters		\$20.00	\$40.00
4		Badger Used Meters		\$20.00	\$80.00
1	1 8"	Flow Meter (Used)		\$300.00	\$300.00
	50 5/8" X 3/4"	Bottoms Rockwell SR		\$7.00	\$350.00
	60 5/8" X 3/4"	Bottoms Rockwell SR II		\$7.00	\$420.00
	50 5/8" X 3/4"	Bottoms Neptune T-10		\$4.60	\$230.00
	50 5/8" X 3/4"	Chambers Neptune T-10		\$18.40	\$920.00
1	5/8" X 3/4"	Chambers Rockwell SR II - SR		\$7.00	\$7.00
<b>M.J. Valves &amp; Fittings</b>					
1	2"	M.J. Gate Valves		\$325.00	\$325.00
5	3"	M.J. Gate Valves		\$365.00	\$1,825.00
10	4"	M.J. Gate Valves		\$395.00	\$3,950.00
4	6"	M.J. Gate Valves		\$450.00	\$1,800.00
1	8"	M.J. Gate Valves		\$728.00	\$728.00
2	12"	M.J. Gate Valves		\$0.00	\$0.00
2	2"	M.J. 45 Degree Elbows		\$1,292.65	\$0.00
2	3"	M.J. 45 Degree Elbows		\$48.00	\$96.00
2	4"	M.J. 45 Degree Elbows		\$58.67	\$117.34
2	6"	M.J. 45 Degree Elbows		\$58.67	\$117.34
1	8"	M.J. 45 Degree Elbows		\$58.67	\$58.67
1	12"	M.J. 45 Degree Elbows		\$0.00	\$0.00
4	2"	M.J. 90 Degree Elbows		\$35.25	\$141.00
3	3"	M.J. 90 Degree Elbows		\$45.00	\$135.00
2	4"	M.J. 90 Degree Elbows		\$49.50	\$99.00
6	6"	M.J. 90 Degree Elbows		\$54.01	\$0.00
8	8"	M.J. 90 Degree Elbows		\$101.50	\$0.00
1	12"	M.J. 90 Degree Elbows		\$0.00	\$0.00
2	3"	M.J. 22 1/2 Degree Elbows		\$46.00	\$92.00

*XVII AC*

*TAC  
0623x1*

**Big Sandy Water District  
Dec 31, 2020  
Inventory**

*JK*  
*06.23.21*

<u>Quantity</u>	<u>Size</u>	<u>Description</u>	<u>Threads</u>	<u>Price</u>	<u>Total</u>
4"		M. J. 22 1/2 Degree Elbows		\$0.00	\$0.00
16"		M. J. 22 1/2 Degree Elbows		\$70.00	\$70.00
8"		M. J. 22 1/2 Degree Elbows		\$82.00	\$0.00
12"		M. J. 22 1/2 Degree Elbows		\$105.00	\$0.00
4"		M. J. 11 1/4 Degree Elbows		\$0.00	\$0.00
26"		M. J. 11 1/4 Degree Elbows		\$70.00	\$140.00
8"		M. J. 11 1/4 Degree Elbows		\$85.00	\$0.00
12"		M. J. 11 1/4 Degree Elbows		\$105.00	\$0.00
6.3"		M. J. Couplings		\$45.00	\$270.00
6.4"		M. J. Couplings		\$45.00	\$270.00
20.2"		Plastic PVC Fittings		\$0.00	\$0.00
20.3"		Repair Couplings		\$15.00	\$300.00
28.4"		Repair Couplings		\$21.40	\$428.00
3.6"		Repair Couplings		\$26.15	\$732.20
8"		Repair Couplings		\$24.50	\$73.50
2.2"	PVC Bell X 2" M.	Thread Adapters		\$11.57	\$23.14
3" X 2"		Slip on Reducers		\$16.70	\$0.00
4" X 3"		Slip on Reducers		\$0.00	\$0.00
2.3"	PVC Bell X 3" M.	Thread Adapters		\$10.40	\$20.80
2"		Slip on Tees		\$9.45	\$0.00
2"		Slip on 45 Degree Elbows		\$0.00	\$0.00
10.2"		Slip on 90 Degree Elbows		\$18.20	\$182.00
3"		Slip on 45 Degree Elbows		\$20.00	\$0.00
7.3"		Slip on 90 Degree Elbows		\$11.50	\$80.50
1.8"		Slip on 90 Degree Elbows		\$45.00	\$45.00
45.3"		Yellow Mine Couplings		\$15.00	\$675.00
3"		Yellow Mine 90 Degree Elbows		\$0.00	\$0.00
<b>Assorted PVC Fittings</b>					
6.6"		M. J. Couplings		\$77.20	\$463.20

*XVII A7*

**Big Sandy Water District  
Dec 31, 2020  
Inventory**

*JOL  
662321*

<u>Quantity</u>	<u>Size</u>	<u>Description</u>	<u>Threads</u>	<u>Price</u>	<u>Total</u>
1.8"		M.J. Couplings		\$112.56	\$112.56
2.3"		M.J. End Caps		\$32.00	\$64.00
2.4"		M.J. End Caps		\$39.50	\$79.00
6"		M.J. End Caps		\$45.00	\$0.00
.8"		M.J. End Caps			\$0.00
1.2"		M.J. Tees		\$45.00	\$45.00
1.3"		M.J. Tees		\$109.50	\$109.50
1.4"		M.J. Tees		\$120.00	\$120.00
1.6"		M.J. Tees		\$120.00	\$120.00
.8"		M.J. Tees			\$0.00
5.2"		M.J. Flange Kits		\$8.29	\$41.45
24.3"		M.J. Flange Kits		\$35.00	\$840.00
25.4"		M.J. Flange Kits		\$15.50	\$387.50
10.6"		M.J. Flange Kits		\$21.00	\$210.00
20.8"		M.J. Flange Kits		\$35.00	\$700.00
4.12"		M.J. Flange Kits		\$49.00	\$196.00
1.8" X 8" X 4"		M.J. Tees		\$195.00	\$195.00
6" X 4"		M.J. Reducer		\$63.60	\$0.00
40		Adjustable Valve Wells		\$45.00	\$1,800.00
3"		Ford Meter Couplings		\$63.00	\$0.00
2.3"		Dresser Couplings		\$60.00	\$120.00
3 5 1/4"		Hydrants (Used)		\$718.00	\$2,154.00
<b>Full Circle Clamps</b>					
	6" X 20"	Band Clamps		\$256.35	\$0.00
	2" X 12 1/2"	Band Clamps		\$59.00	\$0.00
	3" X 12 1/2"	Band Clamps			\$0.00
	4" X 12 1/2"	Band Clamps			\$0.00
	10.3" X 15"	Band Clamps		\$83.00	\$830.00
	5.4" X 15"	Band Clamps		\$97.00	\$485.00
	3.6" X 15"	Band Clamps		\$156.94	\$470.82

*87 1118*

## Big Sandy Water District Dec 31, 2020 Inventory

*JOE  
662341*

Quantity	Size	Description	Threads	Price	Total
6	8" X 15"	Band Clamps		\$195.25	\$1,171.50
3	12" X 15"	Band Clamps		\$241.94	\$725.82
2	2" X 15"	Band Clamps		\$89.00	\$178.00
6	6" X 15"	Tapped Repair Band W/ 2" Thread		\$150.00	\$0.00
4	4" X 12 1/2"	Tapped Repair Band W/ 2" Thread		\$120.00	\$0.00
6	6" X 15"	Repair Band for Ductile Iron		\$100.25	\$0.00
2	3" X 15"	Repair Band for Ductile Iron		\$75.67	\$151.34
8	8" X 12 1/2"	Repair Band for Ductile Iron		\$186.60	\$0.00
3	3" X 7.5"	Repair Band for PVC		\$57.60	\$0.00
<b>Restraining Clamps</b>					
2	2"	Restraining Clamps			\$0.00
1	3"	Restraining Clamps		\$30.00	\$30.00
4	4"	Restraining Clamps			\$0.00
2	6"	Restraining Clamps		\$46.68	\$93.36
1	8"	Restraining Clamps		\$75.00	\$75.00
1	12"	Restraining Clamps			\$0.00
<b>PVC Aqua Mine Pipe</b>					
20	4"	CL 200 Pipe Couplings		\$20.00	\$400.00
2	4"	CL 200 Pipe Elbows (45)		\$20.00	\$40.00
<b>Meter Supplies</b>					
		Meter Bottom - Badger			\$0.00
		Chambers Badger			\$0.00
2	1"	Rockwell Bottoms		\$7.00	\$14.00
3	2"	Yellow Mine Couplings		\$10.00	\$30.00
24	6"	Yellow Mine Couplings		\$29.00	\$696.00
3	3" X 2"	M.J. Reducer		\$36.00	\$0.00
4	4" X 2"	M.J. Reducer		\$42.00	\$0.00
2	4" X 3"	M.J. Reducer		\$55.50	\$111.00

*12/11/20  
A9*

**Big Sandy Water District  
Dec 31, 2020  
Inventory**

*JTC  
062321*

<u>Quantity</u>	<u>Size</u>	<u>Description</u>	<u>Threads</u>	<u>Price</u>	<u>Total</u>
	6" X 3"	M.J. Reducer		\$67.00	\$0.00
1	6" X 3/4"	Dual Strap Saddle		\$22.00	\$22.00
1	4" X 3/4"	Brass Saddles IPT		\$18.00	\$18.00
1	3" X 3/4"	Brass Saddles IPT		\$27.45	\$27.45
6	3/4"	CTS Stab - It Couplings		\$11.45	\$68.70
		Meter Adapters			\$0.00
<b>M.J. Fittings (Gripper Rings)</b>					
14	4"	Gripper Rings for PVC		\$36.50	\$511.00
10	6"	Gripper Rings for PVC		\$49.00	\$490.00
7	8"	Gripper Rings for PVC		\$70.75	\$495.25
2	12"	Gripper Rings for PVC		\$60.00	\$120.00
<b>Foster Adapters</b>					
6	6"	Adapters		\$79.61	\$0.00
10	3"	Adapters		\$105.00	\$1,050.00
8	4"	Adapters		\$92.31	\$738.44
<b>Saddles for D.I.</b>					
1	3" X 3/4"	Dual Strap Saddle D.I.		\$20.67	\$20.67
1	6" X 3/4"	Dual Strap Saddle D.I.		\$29.89	\$29.89
1	6" X 1"	Dual Strap Saddle D.I.		\$31.00	\$31.00
6		Pre-Fab Settings		\$224.00	\$1,344.00
2		Pre-Fab Settings (Used)		\$190.00	\$380.00
3	8"	Hy Max Couplings		\$339.51	\$1,018.53
<b>Other</b>					
		Flat Valve Well Lids		\$15.00	\$0.00
		Mushroom Valve Well Lids		\$15.00	\$0.00
6		Valve Well EXT		\$22.82	\$0.00
3		Valve Well EXT		\$12.18	\$0.00

*XVII A10*



**Big Sandy Water District  
Dec 31, 2020  
Inventory**

<u>Quantity</u>	<u>Size</u>	<u>Description</u>	<u>Threads</u>	<u>Price</u>	<u>Total</u>
20		Neptune Radio Read Boxes		\$102.35	\$2,047.00
4	2"	Gripper Rings for PVC		\$23.83	\$95.32
20	3"	Gripper Rings for PVC		\$38.73	\$774.60
5	3/4"	Brass Ball Valve		\$11.50	\$57.50
4	1"	Brass Ball Valve		\$17.18	\$68.72
1	5/8" X 3/4"	Meter Idlers		\$10.27	\$10.27
10	1" CTS	Stab It Couplings		\$16.96	\$169.60
1	3"	Badger Test Meter		\$2,300.00	\$2,300.00
5	4"	Romac Couplings		\$244.85	\$1,224.25
7	6"	Romac Couplings		\$360.45	\$2,523.12
5	8"	Romac Couplings		\$366.73	\$1,833.63
<b>7118</b>		<b>Total Inventory</b>			<b>\$195,354.98</b>

~~11/11/21~~

JTE  
062021

## **BIG SANDY WATER DISTRICT**

### **Response to Commission Staff's First Request for Information Case No. 2022-00044**

Question No. 7

Responding Witness: Jessica Sexton

- Q-7. State the last time Big Sandy District performed a cost of service study (COSS) to review the appropriateness of its current rates and rate design.**
- a. Explain whether Big Sandy District considered filing a COSS with the current rate application and the reasoning for not filing one.**
  - b. Explain whether any material changes to Big Sandy District's system would cause a new COSS to be prepared since the last time it has completed one.**
  - c. If there have been no material changes to Big Sandy District's system, explain when Big Sandy District anticipates completing a new COSS.**
  - d. Provide a copy of the most recent COSS that has been performed for Big Sandy District's system in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.**
- A-7.**
- a. Big Sandy Water District did not consider preparing and submitting a cost-of-service study with the current application. The primary focus of this application was to generate additional revenue to meet expenses and debt service requirements and to establish a water loss detection and control program surcharge to address the District's water loss problem. Since the District had not applied for a general rate adjustment pursuant to KRS 278.180 since 2012 and as the Public Service Commission emphasized in its Order of November 22, 2019 the need for frequent Commission reviews of a water utility's rates and operations to ensure adequate revenue, the District believed that a cost-of-service study was of secondary concern at this time. Moreover, 807 KAR 5:076 does not require a cost-of-service study as part of the application.
  - b. A cost-of-service study was last prepared in 2012. Since that time, the only material change to the District's system has been its acquisition of the Overland Development water distribution system. The District does not believe that the acquisition of this system necessarily required a new cost-of-service study. Given the length of time since its last cost-of-service study, the District is considering the preparation of a cost-of-service study for its next rate application.
  - c. Not applicable.
  - d. Big Sandy Water District does not possess a copy of its last cost-of-service study in Excel spreadsheet format. A copy of its application in Case No. 2012-00152,

which contains a cost-of-service study, and a copy of the Commission Staff Report in that proceeding, which also contains a cost-of-service study are attached as Attachments 7d-1 and 7d-2 to this Response.

# **ATTACHMENT 7d-1**

# Big Sandy Water District

18200 State Route 3, Catlettsburg, Kentucky 41129

606 - 928 - 2075

April 20, 2012

Jeff Derouen  
Executive Director  
KY Public Service Commission  
PO Box 615  
Frankfort, KY 40602

RECEIVED

APR 24 2012

PUBLIC SERVICE  
COMMISSION

**RE:** Application for an Adjustment in Rates Pursuant to  
the Alternative Rate Filing Procedure for Small Utilities

Big Sandy Water District ("Big Sandy") is submitting its application requesting Commission approval of its increase in water rates pursuant to the Alternative Rate Filing Procedure for Small Utilities ("ARF"). Attached is the completed "ARF Application" and the revised tariffs. A copy of this application and related filings has been sent to the Office of the Attorney General, State Capitol Building, Suite 118, Frankfort, KY 40601.

Sincerely,



James Blanton, Manager  
Big Sandy Water District

Enclosure

SUBMIT ORIGINAL AND FIVE ADDITIONAL COPIES, UNLESS FILING ELECTRONICALLY

APPLICATION FOR RATE ADJUSTMENT  
BEFORE THE PUBLIC SERVICE COMMISSION  
For Small Utilities Pursuant to 807 KAR 5:076  
(Alternative Rate Filing)

RECEIVED

APR 24 2012

PUBLIC SERVICE  
COMMISSION

Big Sandy Water District  
(Name of Utility)

18200 State Route 3

(Business Mailing Address - Number and Street or P.O. Box)

Catlettsburg, Kentucky 41129

(Business Mailing Address - City, State, and Zip)

(606) 928 - 2075

(Telephone Number)

BASIC INFORMATION

NAME, TITLE, ADDRESS, TELEPHONE NUMBER and E-MAIL ADDRESS of the person to whom correspondence or communications concerning this application should be directed:

James Blanton, Manager

(Name)

18200 State Route 3

(Address - Number and Street or P.O. Box)

Catlettsburg, Kentucky 41129

(Address - City, State, Zip)

(606) 928 - 2075

(Telephone Number)

bdistrict@windstream.net

(Email Address)

(For each statement below, the Applicant should check either "YES" or "NO".)

- |                                                                                                                                                                                                                                                                   | YES                                 | NO                                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| 1. a. In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue.                                                                                                                                                | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| b. Applicant operates two or more divisions that provide different types of utility service. In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue from the division for which a rate adjustment is sought. | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 2. a. Applicant has filed an annual report with the Public Service Commission for the past year.                                                                                                                                                                  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| b. Applicant has filed an annual report with the Public Service Commission for the two previous years.                                                                                                                                                            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 3. Applicant's records are kept separate from other commonly-owned enterprises.                                                                                                                                                                                   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |

- |                                                                                                                                                                                                                                                                                                                                                                                                                                     | YES                                 | NO                                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| 4. a. Applicant is a corporation. A certified copy of its articles of incorporation and all amendments are attached to this application or were filed with the Public Service Commission in Case No. _____.                                                                                                                                                                                                                         | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| b. Applicant is a limited liability company. A certified copy of its articles of organization and all amendments are attached to this application or were filed with the Public Service Commission in Case No. _____.                                                                                                                                                                                                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| c. Applicant is a limited partnership. A certified copy of its limited partnership agreement and all amendments thereto are attached to this application or were filed with the Public Service Commission in Case No. _____.                                                                                                                                                                                                        | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| d. Applicant is a sole proprietorship or partnership.                                                                                                                                                                                                                                                                                                                                                                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| e. Applicant is a water district organized pursuant to KRS Chapter 74.                                                                                                                                                                                                                                                                                                                                                              | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| f. Applicant is a water association organized pursuant to KRS Chapter 273.                                                                                                                                                                                                                                                                                                                                                          | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 5. a. A paper copy of this application has been mailed to Office of Rate Intervention, Office of Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601-8204.                                                                                                                                                                                                                                            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| b. An electronic copy of this application has been electronically mailed to Office of Rate Intervention, Office of Attorney General at rateintervention@ag.ky.gov.                                                                                                                                                                                                                                                                  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 6. a. Applicant has 20 or fewer customers or is a sewer utility and has mailed written notice of the proposed rate adjustment to each of its customers no later than the date this application was filed with the Public Service Commission. A copy of this notice is attached to this application. <b>(Attach a copy of customer notice.)</b>                                                                                      | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| b. Applicant has more than 20 customers, is not a sewer utility, and has included written notice of the proposed rate adjustment with customer bills that were mailed by the date on which the application was filed. A copy of this notice is attached to this application. <b>(Attach a copy of customer notice.)</b>                                                                                                             | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| c. Applicant has more than 20 customers, is not a sewer utility, and has made arrangements to publish notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in its service area, the first publication having been made by the date on which this Application was filed. A copy of this notice is attached to this application. <b>(Attach a copy of customer notice.)</b> | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 7. Applicant requires a rate adjustment for the reasons set forth in the attachment entitled "Reasons for Application." <b>(Attach completed "Reasons for Application" Attachment.)</b>                                                                                                                                                                                                                                             | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | YES                                 | NO                                  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| 8. Applicant proposes to charge the rates that are set forth in the attachment entitled "Current and Proposed Rates." <b>(Attach completed "Current and Proposed Rates" Attachment.)</b>                                                                                                                                                                                                                                                                                                                                                                                                                         | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 9. Applicant proposes to use its annual report for the immediate past year as the test period to determine the reasonableness of its proposed rates. This annual report is for the 12 months ending December 31, <u>2010</u> .                                                                                                                                                                                                                                                                                                                                                                                   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 10. Applicant has reason to believe that some of the revenue and expense items set forth in its most recent annual report have or will change and proposes to adjust the test period amount of these items to reflect these changes. A statement of the test period amount, expected changes, and reasons for each expected change is set forth in the attachment "Statement of Adjusted Operations." <b>(Attach a completed copy of appropriate "Statement of Adjusted Operations" Attachment and any invoices, letters, contracts, receipts or other documents that support the expected change in costs.)</b> | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 11. Based upon test period operations, and considering any known and measurable adjustments, Applicant requires additional revenues of \$ <u>250,499</u> and total revenues from service rates of \$ <u>2,386,988</u> . The manner in which these amounts were calculated is set forth in "Revenue Requirement Calculation" Attachment. <b>(Attach a completed "Revenue Requirement Calculation" Attachment.)</b>                                                                                                                                                                                                | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 12. As of the <b>date of the filing of this application</b> , Applicant had <u>4,644</u> customers.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 13. A billing analysis of Applicant's current and proposed rates is attached to this application. <b>(Attach a completed "Billing Analysis" Attachment.)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 14. Applicant's depreciation schedule of utility plant in service is attached. <b>(Attach a schedule that shows per account group: the asset's original cost, accumulated depreciation balance as of the end of the test period, the useful lives assigned to each asset and resulting depreciation expense.)</b>                                                                                                                                                                                                                                                                                                | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 15. a. Applicant has outstanding evidences of indebtedness, such as mortgage agreements, promissory notes, or bonds.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| b. Applicant has attached to this application a copy of each outstanding evidence of indebtedness (e.g., mortgage agreement, promissory note, bond resolution).                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| c. Applicant has attached an amortization schedule for each outstanding evidence of indebtedness.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |



- |                                                                                                                                                                                                               | YES                                 | NO                                  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| 16. a. Applicant is not required to file state and federal tax returns.                                                                                                                                       | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| b. Applicant is required to file state and federal tax returns.                                                                                                                                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| c. Applicant's most recent state and federal tax returns are attached to this Application.<br><b>(Attach a copy of returns.)</b>                                                                              | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 17. Approximately <u>62%</u> <b>(Insert dollar amount or percentage of total utility plant)</b> of Applicant's total utility plant was recovered through the sale of real estate lots or other contributions. | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |

I am authorized by the Applicant to sign and file this application on the Applicant's behalf, have read and completed this application, and to the best of my knowledge all the information contained in this application and its attachments is true and correct.

Signed *James Blanton*  
 Officer of the Company/Authorized Representative

Title MANAGER

Date 04/20/12

COMMONWEALTH OF KENTUCKY

COUNTY OF BOYD

Before me appeared JAMES BLANTON, who after being duly sworn, stated that he/she had read and completed this application, that he/she is authorized to sign and file this application on behalf of the Applicant, and that to the best of his/her knowledge all the information contained in this application and its attachments is true and correct.

*Irene Brown*  
 Notary Public

My commission expires: 03/08/16

LIST OF ATTACHMENTS  
(Indicate all documents submitted by checking box)

- Applicant's Articles of Incorporation, Articles of Organization, or Limited Partnership Agreement.
- All amendments to Applicant's Articles of Incorporation, Articles of Organization, or Limited Partnership Agreement.
- Customer Notice of Proposed Rate Adjustment
- "Reasons for Application" Attachment
- "Current and Proposed Rates" Attachment
- "Statement of Adjusted Operations" Attachment
- "Revenue Requirements Calculation" Attachment
- "Billing Analysis" Attachment
- Depreciation Schedule
- Outstanding Debt Instruments (i.e., Bond Resolutions, Mortgages, Promissory Notes, Amortization Schedules.)
- State Tax Return
- Federal Tax Return

## CUSTOMER NOTICE

Big Sandy Water District has applied to the Public Service Commission for an adjustment of rates in the total amount of \$2,387,005 on an annual basis, which is an increase of \$250,516 or approximately 11.73 percent over normalized revenues from water sales of \$2,136,489.

The estimated amount of the total increase per customer class/meter size is:

Meter Size	Requested Increase	
	Dollar	Percentage
5/8X3/4 Inch	\$ 171,815	68.6%
1 Inch	1,083	0.4%
1 1/2 Inch	144	0.1%
2 Inch	1,421	0.6%
3 Inch	8,627	3.4%
4 Inch	56,791	22.7%
Wholesale:		
Cannonsburg	5,342	2.1%
Overland	5,375	2.1%
Totals	<u>\$ 250,598</u>	<u>100.0%</u>

The comparison of the present and proposed rates of the Big Sandy Water District is as follows:

5/8 x3/4 Inch Meter						
		Existing	Proposed	Differences		
		Rates	Rates	\$		%
FIRST	2,000	\$ 17.38	\$ 20.86	\$ 3.48		20.02%
NEXT	8,000	\$ 6.79	\$ 6.58	\$ (0.21)		-3.09%
NEXT	20,000	\$ 5.66	\$ 6.17	\$ 0.51		9.01%
NEXT	20,000	\$ 4.90	\$ 5.78	\$ 0.88		17.96%
ALL OVER	50,000	\$ 4.14	\$ 4.90	\$ 0.76		18.36%
1 Inch Meter						
		Existing	Proposed	Differences		
		Rates	Rates	\$		%
FIRST	10,000	\$ 71.70	\$ 73.50	\$ 1.80		2.51%
NEXT	20,000	\$ 5.66	\$ 6.17	\$ 0.51		9.01%
NEXT	20,000	\$ 4.90	\$ 5.78	\$ 0.88		17.96%
OVER	50,000	\$ 4.14	\$ 4.90	\$ 0.76		18.36%
1 1/2 Inch Meter						
		Existing	Proposed	Differences		
		Rates	Rates	\$		%
FIRST	30,000	\$ 184.90	\$ 196.90	\$ 12.00		6.49%
NEXT	20,000	\$ 4.90	\$ 5.78	\$ 0.88		17.96%
OVER	50,000	\$ 4.14	\$ 4.90	\$ 0.76		18.36%

2 Inch Meter					
		Existing Rates	Proposed Rates	Differences \$	%
FIRST	50,000	\$ 282.90	\$ 312.50	\$ 29.60	10.46%
OVER	50,000	\$ 4.14	\$ 4.90	\$ 0.76	18.36%
3 Inch Meter					
		Existing Rates	Proposed Rates	Differences \$	%
FIRST	100,000	\$ 489.90	\$ 557.50	\$ 67.60	13.80%
OVER	100,000	\$ 4.14	\$ 4.90	\$ 0.76	18.36%
4 Inch Meter					
		Existing Rates	Proposed Rates	Differences \$	%
FIRST	200,000	\$ 903.90	\$ 1,047.50	\$ 143.60	15.89%
OVER	200,000	\$ 4.14	\$ 4.90	\$ 0.76	18.36%
WHOLESALE					
		Existing Rates	Proposed Rates	Differences \$	%
OVERLAND DEVELOPMENT:					
MONTHLY SERVICE FEE		\$ 547.75	N/A	N/A	N/A
RATE PER 1,000 GALLONS		\$ 1.87	\$ 4.41	\$ 2.54	135.83%
CANNONSBURG WATER DIST.:					
RATE PER 1,000 GALLONS		\$ 2.53	\$ 4.41	\$ 1.88	74.31%

IMPACT ON AVERAGE CUSTOMER BILL

Average Bill					
Meter Size	Gallons	Existing Rates	Proposed Rates	Increase	
				\$	%
5/8X3/4 Inch	3,890	\$ 30.21	\$ 33.30	\$ 3.08	10.2%
1 Inch	15,781	\$ 155.36	\$ 164.70	\$ 9.34	6.0%
1 1/2 Inch	9,208	\$ 184.90	\$ 196.90	\$ 12.00	6.5%
2 Inch	2,344	\$ 282.90	\$ 312.50	\$ 29.60	10.5%
3 Inch	148,257	\$ 689.68	\$ 793.96	\$ 104.28	15.1%
4 Inch	1,156,922	\$ 4,865.56	\$ 5,736.42	\$ 870.86	17.9%

The rates contained in this notice are the rates proposed by the Big Sandy Water District; however, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice.

Any corporation, association, or person with a substantial interest in the matter may submit a written request to intervene to the Public Service Commission at the address shown below. Copies of the application may be obtained at no charge by contacting Big Sandy Water District at the address below. Any person may examine the rate application and any other filings at the offices of Big Sandy Water District or the Public Service Commission.

Big Sandy Water District  
18200 State Route 3  
Catlettsburg, Kentucky 41129

Telephone: 606-928-2075

Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, Kentucky 40602  
Telephone: 502-564-3940

Persons may also view and download a copy of the rate application through the Public Service Commission's website at [psc.ky.gov](http://psc.ky.gov).

**REASONS FOR APPLICATION**

**(In the space below list all reasons why the Applicant requires a rate adjustment. Describe any event or occurrence of significance that may affect the Applicant's present or future financial condition, including but not limited to excessive water line losses, regulatory changes, major repairs, planned construction, and increases in wholesale water costs.)**

The proposed increase in the rates and charges is necessary for Big Sandy Water District ("Big Sandy") to meet continuing demand for adequate service. It has been approximately 17 years since Big Sandy last requested and received a general increase in its base water rates in Case No. 9156. An increase in its rates is essential for Big Sandy to maintain a reasonable level of service, to meet the expanding needs of its service area, and to cover its debt service requirements.

The cost-of-service study produces a 36.82 percent increase in the minimum bill for the 5/8 x 3/4 inch meter. Big Sandy believes that an increase of this magnitude could result in rate shock to its ratepayers. For this reason, Big Sandy is proposing rates that produce a 20 percent minimum bill for the 5/8 x 3/4 inch meter to gradually move towards the cost-of-service study.

ARF FORM 1 - ATTACHMENT CPR - SEPTEMBER 2011  
20% Increase Min. Bill

5/8 x3/4 Inch Meter						
		Existing Rates	Proposed Rates	Differences		
				\$		%
FIRST	2,000	\$ 17.38	\$ 20.86	\$ 3.48		20.02%
NEXT	8,000	\$ 6.79	\$ 6.58	\$ (0.21)		-3.09%
NEXT	20,000	\$ 5.66	\$ 6.17	\$ 0.51		9.01%
NEXT	20,000	\$ 4.90	\$ 5.78	\$ 0.88		17.96%
ALL OVER	50,000	\$ 4.14	\$ 4.90	\$ 0.76		18.36%
1 Inch Meter						
		Existing Rates	Proposed Rates	Differences		
				\$		%
FIRST	10,000	\$ 71.70	\$ 73.50	\$ 1.80		2.51%
NEXT	20,000	\$ 5.66	\$ 6.17	\$ 0.51		9.01%
NEXT	20,000	\$ 4.90	\$ 5.78	\$ 0.88		17.96%
OVER	50,000	\$ 4.14	\$ 4.90	\$ 0.76		18.36%
1 1/2 Inch Meter						
		Existing Rates	Proposed Rates	Differences		
				\$		%
FIRST	30,000	\$ 184.90	\$ 196.90	\$ 12.00		6.49%
NEXT	20,000	\$ 4.90	\$ 5.78	\$ 0.88		17.96%
OVER	50,000	\$ 4.14	\$ 4.90	\$ 0.76		18.36%
2 Inch Meter						
		Existing Rates	Proposed Rates	Differences		
				\$		%
FIRST	50,000	\$ 282.90	\$ 312.50	\$ 29.60		10.46%
OVER	50,000	\$ 4.14	\$ 4.90	\$ 0.76		18.36%
3 Inch Meter						
		Existing Rates	Proposed Rates	Differences		
				\$		%
FIRST	100,000	\$ 489.90	\$ 557.50	\$ 67.60		13.80%
OVER	100,000	\$ 4.14	\$ 4.90	\$ 0.76		18.36%
4 Inch Meter						
		Existing Rates	Proposed Rates	Differences		
				\$		%
FIRST	200,000	\$ 903.90	\$ 1,047.50	\$ 143.60		15.89%
OVER	200,000	\$ 4.14	\$ 4.90	\$ 0.76		18.36%
WHOLESALE						
		Existing Rates	Proposed Rates	Differences		
				\$		%
OVERLAND DEVELOPMENT:						
	MONTHLY SERVICE FEE	\$ 547.75	N/A	N/A		N/A
	RATE PER 1,000 GALLONS	\$ 1.87	\$ 4.41	\$ 2.54		135.83%
CANNONSBURG WATER DISTRICT:						
	RATE PER 1,000 GALLONS	\$ 2.53	\$ 4.41	\$ 1.88		74.31%

## ARF FORM 1 - ATTACHMENT SAO-S - SEPTEMBER 2011

	2010 Annual Report	Differences	Adj Ref.	Pro Forma Operations
Operating Revenues:				
Revenue - Metered Water Sales	\$ 2,104,849	\$ 31,640	(a)	\$ 2,136,489
Operating Expenses:				
Operation & Maintenance:				
Salaries & Wages - Employees	\$ 309,202	\$ 6,349	(b)	\$ 315,551
Salaries & Wages - Commissioners	30,000	0		30,000
Employee Pension & Benefits	124,033	24,957	(c)	148,990
Purchased Water	795,787	(10,629)	(d)	785,158
Purchased Power	61,674	0		61,674
Materials & Supplies	115,746	(37,614)	(e)	78,132
Contractual Services - Accounting	4,620	0		4,620
Contractual Services - Legal	4,188	0		4,188
Contractual Services - Water Testing	4,978	0		4,978
Contractual Services - Other	26,580	(3,090)	(f)	23,490
Transportation	26,673	0		26,673
Insurance	19,103	(5,399)	(g)	13,704
Advertising	190	0		190
Bad Debt Expense	8,680	0		8,680
Miscellaneous	52,568	0		52,568
Total Operation & Maintenance	\$ 1,584,022	\$ (25,426)		\$ 1,558,596
Depreciation	393,195	(388)	(h)	392,807
Taxes Other Than Income:				
Payroll Taxes	28,771	(4,632)	(i)	24,139
Utility Operating Expenses	\$ 2,005,988	\$ (30,446)		\$ 1,975,542
Net Utility Operating Income	\$ 98,861	\$ 62,086		\$ 160,947
Other Income & Deductions:				
Interest Income	3,409	0		3,409
Net Income Available for Debt Service	\$ 102,270	\$ 62,086		\$ 164,356



(a) **Revenue from Water Sales:** This adjustment reflects the results of Commission Staff's billing analysis and the current tariffed rate

	Customers	Gallons	Revenue
Normalized Revenue Water Sales	4,644	298,578,500	\$ 2,136,489
Annual Report Totals	4,474	288,465,000	2,104,849
Difference	170	10,113,500	\$ 31,640

(b) **Salaries & Wages:** This adjustment reflects the 2011 wages applied to the hours worked during the 2010 test period.

Position Title	2010 Wages		2010 Hours	Pro Forma
	Regular	Overtime	Overtime	Salaries
Manager	\$ 22 00	\$ 33 00	208 00	\$ 52,184
Assistant Manager	\$ 19 41	\$ 29 12	226 00	46,566
Meter Reader/Operator	\$ 16 24	\$ 24 36	206 50	38,484
Office Manager	\$ 17 50	\$ 26 25	151 50	40,027
Clerk	\$ 12 50	\$ 18 75	0 00	25,750
Laborer	\$ 10 50	\$ 15 75	315 50	26,599
Meter Reader	\$ 13 50	\$ 20 25	218 50	32,235
Meter Reader/Operator	\$ 15 74	\$ 23 61	72 50	34,136
Clerk	\$ 9 50	\$ 14 25	0 00	19,570
Totals				\$ 315,551
Pro Forma Salaries & Wages - Employees				\$ 315,551
Less: Reported Salaries & Wages - Employees				309,202
Pro Forma Adjustment				\$ 6,349

(c) **Employee Pension and Benefits:** This adjustment reflects: (1) the current employer retirement contribution rate; (2) the pro forma salaries and wages; and (3) the current employee insurance premiums

Position Title	Pro Forma Employee Pension and Benefits				
	Emp Health Insurance	Emp Contrib 1.5%	Dental MO Premium	18.9%	Totals
Manager	\$ 16,644	\$ (783)	\$ 781	\$ 9,863	\$ 26,505
Assistant Manager	16,092	(698)	678	8,801	24,873
Meter Reader/Operator	16,644	(577)	537	7,273	23,877
Office Manager	0	0	0	7,565	7,565
Clerk	7,620	(386)	0	4,867	12,101
Laborer	6,060	(399)	396	5,027	11,084
Meter Reader	18,996	(484)	603	6,092	25,207
Meter Reader/Operator	11,328	(512)	510	6,452	17,778
Clerk	0	0	0	0	0
Totals	\$ 93,384	\$ (3,839)	\$ 3,505	\$ 55,940	\$ 148,990
Pro Forma Employee Pension & Benefits					\$ 148,990
Less: Reported Employee Pension & Benefits					124,033
Pro Forma Adjustment					\$ 24,957

(d) **Purchased Water:** Big Sandy's test-period non-revenue water exceeds the Commission's allowable limit of 15 percent. This adjustment reflects the 15 percent limitation and the current wholesale rates being charged to Big Sandy

Month	Test-Period Water - Gallons per Invoices				
	Cannonsburg WD	City of Kenova	Rattlesnake Ridge WD	Louisa Water Company	Total
Jan-10	3,377,300	23,342,000	425,290	6,491,100	33,635,690
Feb-10	5,867,000	22,260,000	384,160	6,231,600	34,742,760
Mar-10	4,811,800	20,182,000	323,150	6,390,700	31,707,650
Apr-10	3,287,400	20,847,000	381,390	5,959,000	30,474,790
May-10	4,016,000	18,836,000	356,000	6,672,820	29,880,820
Jun-10	4,279,900	16,080,000	443,680	7,289,800	28,093,380
Jul-10	4,283,600	20,740,000	588,320	8,177,600	33,789,520
Aug-10	4,033,700	19,571,000	247,090	7,782,300	31,634,090
Sep-10	4,906,400	21,454,000	497,090	7,314,700	34,172,190
Oct-10	3,530,100	18,616,000	591,800	7,130,703	29,868,603
Nov-10	4,120,800	19,869,000	368,900	7,405,400	31,764,100
Dec-10	4,686,700	16,381,000	522,800	9,958,600	31,549,100
Annual Totals	51,200,700	238,178,000	5,129,670	86,804,323	381,312,693

Unaccounted for Water Loss Percentage

Water Produced/Purchased	381,312,693.00
Water Sales - Staff's Billing Analysis	298,578,500 00
Water Treatment Plant	20,000 00
System Flushing	859,000 00
Fire Department	245,000 00
Other	353,000.00
Total Water Sold and Used	<u>300,055,500.00</u>
Unaccounted for Water Loss - Gallons	<u>81,257,193.00</u>
Percentage of Unaccounted for Water Loss	<u>21.310%</u>
Percentage Water Loss in Excess of 15 Percent	<u>6.310%</u>

Determination of Pro Forma Purchased Water

Pro Forma Water Sales	298,578,500
Add: System Flushing, Fire Department, and Other	1,457,000
Subtotal	300,035,500
Divided by: 15% Non-revenue Water Reciprocal	0.85
Allowable Purchases - Gallons	<u>352,982,941</u>

	Cannonsburg WD	City of Kenova	Rattlesnake Ridge WD	Louisa Water Company	Total
Test-Period Purchases	51,200,700	238,178,000	5,129,670	86,804,323	381,312,693
Divided by: Water Produced/Purchased	381,312,693	381,312,693	381,312,693	381,312,693	381,312,693
Percentage of Purchases	<u>13.427%</u>	<u>62.463%</u>	<u>1.345%</u>	<u>22.765%</u>	<u>100.000%</u>
Allowable Purchases/Production	352,982,941	352,982,941	352,982,941	352,982,941	352,982,941
Multiplied by: Percentage of Purchases	13.427%	62.463%	1.345%	22.765%	100.000%
Allowable Purchases	<u>47,395,019</u>	<u>220,483,734</u>	<u>4,747,621</u>	<u>80,356,567</u>	<u>352,982,941</u>

Wholesale Rates per 1,000 Gall	\$ 3 670	\$ 1 790	\$ 2 960	\$ 2 520	\$ 2 224
Multiplied by: Allowable Purchases	x 47,395.019	x 220,483.734	x 4,747.621	x 80,356.567	x 352,982.941
Total Allowable Purchases	<u>\$ 173,940</u>	<u>\$ 394,666</u>	<u>\$ 14,053</u>	<u>\$ 202,499</u>	<u>\$ 785,158</u>
Less: Actual Test-period Expense					x 795,787
Pro Forma Adjustment					<u>\$ (10,629)</u>

(e) Materials & Supplies: This adjustment removes capital items that were incorrectly expensed in the test period

Invoice Date	Vendor	Descriptions	Amount
06/17/10	Consolidated Pip & Supply	Meter Installations	\$ (2,472)
06/01/10	Consolidated Pip & Supply	Meter Installations	(2,110)
08/04/10	Consolidated Pip & Supply	Meter Installations	(3,621)
09/01/10	Consolidated Pip & Supply	Meter Installations	(4,480)
12/21/09	Consolidated Pip & Supply	Meter Installations	(3,121)
03/10/10	Consolidated Pip & Supply	Meter Installations	(2,820)
01/20/10	IT Technologies	Mole for Service Lines	(4,116)
07/19/10	Neptune Equipment Company	Automated Meter Reading Equip	(2,693)
09/23/10	Neptune Equipment Company	Automated Meter Reading Equip	(920)
10/11/10	Neptune Equipment Company	Automated Meter Reading Equip	(5,804)
06/15/10	Cannonsburg Water District	28 Setters	(2,800)
02/09/10	CI Thornburg	Check Valve	(330)
02/15/10	CI Thornburg	4" Meter	(1,319)
02/25/10	CI Thornburg	4" Meter	(1,008)
Total Capital Expenditures			<u>\$ (37,614)</u>

(f) Contractual Services - Other: This adjustment removes capital items that were incorrectly expensed in the test period.

Invoice Date	Vendor	Descriptions	Amount
02/01/10	Neptune Equipment Company	Automated Meter Reading Equip	<u>\$ (3,090)</u>

(g) Insurance: This adjustment reflects the current premiums for all of the insurance coverages

Title	Amount
Premium Total - Annual	\$ 13,704
Less: Reported Expense	19,103
Pro Forma Adjustment	<u>\$ (5,399)</u>

## Pro Forma Adjustments

(h) **Depreciation:** This adjustment reflects: (1) a full-year of depreciation for items capitalized in 2010; (2) items fully depreciated as of December 31, 2010; (3) depreciating items that were incorrectly expensed; (4) depreciation for a new river crossing to the City of Kenova; and (5) depreciation for the new main meters that will zone the system to assist in reducing non-revenue water to the allowable limit of 15 percent

Account		Depreciation	UPIS	Accumulated	Pro Forma
No.	Title	Lives	12/31/10	Depreciation	Depreciation
				12/31/10	Expense
303 00	Land		\$ 25,529	\$ 0	\$ 0
304 00	Structures & Improvements	10	64,512	61,397	3,115
311 00	Pumping Equipment	50	292,307	105,120	5,846
330 00	Distribution Reservoir	50	1,223,302	451,488	24,466
331 00	Transmission & Distribution	50	9,077,248	2,634,801	181,545
333 00	Pipe Acces	50	3,855,964	1,053,815	77,119
334 00	Meters/Installations	20	1,171,436	571,667	58,572
335 00	Hydrants	30	227,402	19,910	7,580
340 00	Office Equipment	10	36,077	36,077	0
341 00	Transportation Equipment	5	52,218	5,222	10,444
343 00	Tools/Equipment	5	46,120	46,120	0
345 00	Backhoe/Equipment	5	74,003	74,003	0
346 00	Communication	5	6,014	6,014	0
347 00	Other Equipment	5	11,484	11,484	0
348 00	Telemetry Equipment	20	154,543	154,543	0
349 00	Digital Mapping	5	14,583	14,583	0
304 20	Office Building	10	57,018	53,062	3,956
340 00	Computers	5	81,825	78,538	3,287
345 10	Trencher	5	0	0	0
			<u>\$ 16,471,585</u>	<u>\$ 5,377,844</u>	<u>\$ 375,930</u>
Capital Expenditures Expensed in Test-Period:					
	Meter Installations	20	21,424		1,071
	Check Valve	30	330		11
	Automated Meter Reading Equip	5	9,417		1,883
	Mole for Service Lines	20	4,116		206
	4" Meters	20	2,327		116
Post-Test Period Capital Expenditures:					
	River Crossing - City of Kenova	50	117,000		2,340
	30 Main Meter with Bypass - Zone System	20	225,000		11,250
Pro Forma Depreciation Expense			<u>\$ 16,509,199</u>		<u>\$ 392,807</u>
Less: Reported Depreciation Expense					<u>393,195</u>
Pro Forma Adjustment					<u>\$ (388)</u>

(i) **Payroll Taxes:** This adjustment applies the payroll tax rate to the normalized salaries and wages expense

Position Title	Pro Forma Payroll	FICA 7.65%
Manager	\$ 52,184	\$ 3,992
Assistant Manager	46,566	3,562
Meter Reader/Operator	38,484	2,944
Office Manager	40,027	3,062
Clerk	25,750	1,970
Laborer	26,599	2,035
Meter Reader	32,235	2,466
Meter Reader/Operator	34,136	2,611
Clerk	19,570	1,497
Pro Forma Totals	<u>\$ 315,551</u>	<u>\$ 24,139</u>
Pro Forma Payroll Taxes		\$ 24,139
Less: Test Period Payroll Taxes		28,771
Pro Forma Adjustment		<u>\$ (4,632)</u>

## Revenue Requirement

	Average Debt Service		Coverage		Maximum
Debt Service Coverage - RD	\$ 124,227	x	0.2	=	\$ 24,845
Debt Service Coverage - KIA & KRWA	\$ 241,621	x	0.1	=	24,162
Total Coverage					\$ 49,007
Total Average Debt Service					365,848
Add: Pro Forma Operating Expenses					1,558,596
Depreciation					392,807
Taxes Other Than Income					24,139
Total Revenue Requirement					\$ 2,390,397
Less: Other Income & Deductions					3,409
Revenue Requirement from Operations					\$ 2,386,988
Less: Other Operating Revenues					0
Revenue Requirement from Water Sales					\$ 2,386,988
Less: Pro Forma Revenue - Water Sales					2,136,489
Requested Increase					\$ 250,499
Percentage Increase					11.725%

## Cash Flow

Total Revenue Requirement	\$ 2,390,397
Less: Operating Expenses	1,975,542
Net Operating Income	\$ 414,855
Add: Depreciation & Amortization	392,807
Sub-total	\$ 807,662
Less: Debt Service	365,848
Net Cash Flow	\$ 441,814

**ARF FORM 1 - ATTACHMENT RR-OR - SEPTEMBER 2011  
Summary of Long-Term Debt Amortization Schedules**

	2012	2013	2014	Totals
RD 91-07	\$ 67,093	\$ 67,490	\$ 67,320	\$ 201,903
RD 91-10	27,423	28,040	27,613	83,076
RD 91-11	28,920	29,583	29,200	87,703
Subtotal RD	<u>123,436</u>	<u>125,113</u>	<u>124,133</u>	<u>372,682</u>
KIA C89-16	101,001	70,293	19,824	191,118
KRWA 2001	65,846	64,915	66,776	197,537
KRWA 2004	48,242	48,369	46,422	143,033
KRWA 2007	54,410	69,412	69,354	193,176
Subtotal KIA & KRWA	<u>269,499</u>	<u>252,989</u>	<u>202,376</u>	<u>724,864</u>
<b>Totals</b>	<u><u>\$ 392,935</u></u>	<u><u>\$ 378,102</u></u>	<u><u>\$ 326,509</u></u>	<u><u>\$ 1,097,546</u></u>
RD Average Debt Service				\$ 124,227
KIA & KRWA Average Debt Service				241,621
Average Debt Service				<u><u>\$ 365,848</u></u>

**ARF FORM 1 - ATTACHMENT RR-OR - SEPTEMBER 2011  
Long-Term Debt Amortization Schedules**

**RD 91-07**

Maturity Date	Principal	Interest		Annual	Outstanding Balance
		Rate	Expense		
Balance Outstanding					\$ 992,500
2010	\$ 22,500	4 500%	\$ 44,663	\$ 67,163	\$ 970,000
2011	23,500	4 500%	43,650	67,150	\$ 946,500
2012	24,500	4 500%	42,593	67,093	\$ 922,000
2013	26,000	4 500%	41,490	67,490	\$ 896,000
2014	27,000	4 500%	40,320	67,320	\$ 869,000
2015	28,500	4 500%	39,105	67,605	\$ 840,500
2016	30,000	4.500%	37,823	67,823	\$ 810,500
<b>Totals</b>	<b>\$ 182,000</b>		<b>\$ 289,644</b>	<b>\$ 471,644</b>	

**RD 91-10**

Maturity Date	Principal	Interest		Annual	Outstanding Balance
		Rate	Expense		
Balance Outstanding					\$ 437,000
2010	\$ 8,000	4 500%	\$ 19,665	\$ 27,665	\$ 429,000
2011	8,500	4.500%	19,305	27,805	\$ 420,500
2012	8,500	4 500%	18,923	27,423	\$ 412,000
2013	9,500	4 500%	18,540	28,040	\$ 402,500
2014	9,500	4 500%	18,113	27,613	\$ 393,000
2015	10,000	4 500%	17,685	27,685	\$ 383,000
2016	10,500	4 500%	17,235	27,735	\$ 372,500
<b>Totals</b>	<b>\$ 64,500</b>		<b>\$ 129,466</b>	<b>\$ 193,966</b>	

**RD 91-11**

Maturity Date	Principal	Interest		Annual	Outstanding Balance
		Rate	Expense		
Balance Outstanding					\$ 490,500
2010	\$ 7,000	4 500%	\$ 22,073	\$ 29,073	\$ 483,500
2011	7,500	4 500%	21,758	29,258	\$ 476,000
2012	7,500	4 500%	21,420	28,920	\$ 468,500
2013	8,500	4 500%	21,083	29,583	\$ 460,000
2014	8,500	4 500%	20,700	29,200	\$ 451,500
2015	9,000	4 500%	20,318	29,318	\$ 442,500
2016	9,000	4 500%	19,913	28,913	\$ 433,500
<b>Totals</b>	<b>\$ 57,000</b>		<b>\$ 147,265</b>	<b>\$ 204,265</b>	

**KIA C89-16**

Maturity Date	Principal	Interest		Sinking Fund	Annual	Outstanding Balance
		Rate	Expense			
Balance Outstanding						\$ 760,012
2010	\$ 10,000		\$ 39,638	\$ 51,295	\$ 100,933	\$ 750,012
2011	10,000	5 000%	39,275	51,812	101,087	\$ 740,012
2012	172,506	5 000%	38,838	(110,343)	101,001	\$ 567,506
2013	367,506	5 000%	29,794	(327,007)	70,293	\$ 200,000
2014	200,000	5 000%	10,500	(190,676)	19,824	\$ -
2015	0	5 000%	0	0	0	\$ -
2016	0	5 000%	0	0	0	\$ -
<b>Totals</b>	<b>\$ 760,012</b>		<b>\$ 158,045</b>		<b>\$ 393,138</b>	

**KRWA 2001**

Maturity Date	Principal	Interest Expense	Debt Service Annual	Outstanding Balance
2010	\$ 32,000	\$ 32,220	\$ 64,220	\$ 234,000
2011	31,000	31,497	62,497	\$ 203,000
2012	37,000	28,846	65,846	\$ 166,000
2013	38,000	26,915	64,915	\$ 128,000
2014	42,000	24,776	66,776	\$ 86,000
2015	43,000	22,428	65,428	\$ 43,000
2016	43,000	20,052	63,052	\$ -
<b>Totals</b>	<b>\$ 266,000</b>	<b>\$ 186,734</b>	<b>\$ 452,734</b>	

**KRWA 2004**

Maturity Date	Principal	Interest Expense	Debt Service Annual	Outstanding Balance
2010	\$ 23,000	\$ 25,824	\$ 48,824	\$ 149,000
2011	23,000	25,049	48,049	\$ 126,000
2012	24,000	24,242	48,242	\$ 102,000
2013	25,000	23,369	48,369	\$ 77,000
2014	24,000	22,422	46,422	\$ 53,000
2015	26,000	21,392	47,392	\$ 27,000
2016	27,000	20,300	47,300	\$ -
<b>Totals</b>	<b>\$ 172,000</b>	<b>\$ 162,598</b>	<b>\$ 334,598</b>	

ARF FORM 1 - ATTACHMENT RR-OR - SEPTEMBER 2011  
 Long-Term Debt Amortization Schedules

KRWA 2007

Maturity Date	Principal	Interest Expense	Debt Service Annual	Outstanding Balance
Balance Outstanding				\$ 241,990
2010	\$ 34,494	\$ 34,947	\$ 69,441	\$ 207,496
2011	20,496	33,849	54,345	\$ 187,000
2012	22,000	32,410	54,410	\$ 165,000
2013	38,500	30,912	69,412	\$ 126,500
2014	40,000	29,354	69,354	\$ 86,500
2015	42,500	27,734	70,234	\$ 44,000
2016	44,000	26,013	70,013	\$ -
Totals	<u>\$ 241,990</u>	<u>\$ 215,219</u>	<u>\$ 457,209</u>	



5/8X3/4 INCH METERS

USAGE	BILLS	GALLONS	FIRST 2,000	NEXT 8,000	NEXT 20,000	NEXT 20,000	ALL OVER 50,000	TOTAL
FIRST	15,053	14,635,400	14,635,400					14,635,400
NEXT	8,000	159,110,300	72,546,000	86,564,300				159,110,300
NEXT	20,000	1,913	27,175,100	3,826,000	15,304,000	8,045,100		27,175,100
NEXT	20,000	98	3,472,800	196,000	784,000	1,960,000	532,800	3,472,800
ALL OVER	50,000	30	3,210,600	60,000	240,000	600,000	1,710,600	3,210,600
	53,367	207,604,200	91,263,400	102,892,300	10,605,100	1,132,800	1,710,600	207,604,200

EXISTING RATES		REQUESTED RATES					
BILLS	GALLONS	RATE	REVENUE	BILLS	GALLONS	RATE	REVENUE
53,367	91,263,400	17.38	\$ 927,518.46	53,367	91,263,400	20.86	\$ 1,113,235.62
	102,892,300	6.79	698,638.72		102,892,300	6.58	677,031.33
	10,605,100	5.66	60,024.87		10,605,100	6.17	65,433.47
	1,132,800	4.90	5,550.72		1,132,800	5.78	6,547.58
	1,710,600	4.14	7,081.88		1,710,600	4.90	8,381.94
TOTAL	53,367	207,604,200	\$ 1,698,814.65	53,367	207,604,200		\$ 1,870,629.95

1 INCH METERS		TOTAL					
USAGE	BILLS	GALLONS	FIRST 10,000	NEXT 20,000	NEXT 20,000	NEXT 50,000	TOTAL
FIRST	70	171,700	171,700				171,700
NEXT	41	716,900	410,000	306,900			716,900
NEXT	20,000	17	628,600	170,000	340,000	118,600	628,600
OVER	50,000	10	660,600	100,000	200,000	160,600	660,600
	138	2,177,800	851,700	846,900	318,600	160,600	2,177,800

EXISTING RATES		REQUESTED RATES					
BILLS	GALLONS	RATE	REVENUE	BILLS	GALLONS	RATE	REVENUE
138	851,700	71.70	\$ 9,894.60	138	851,700	73.50	\$ 10,143.00
	846,900	5.66	4,793.45		846,900	6.17	5,225.37
	318,600	4.90	1,561.14		318,600	5.78	1,841.51
	160,600	4.14	664.88		160,600	4.90	786.94
TOTAL	138	2,177,800	\$ 16,914.08	138	2,177,800		\$ 17,996.82





CALCULATION OF WATER RATES						
	TOTAL	FIRST 2,000	NEXT 8,000	NEXT 20,000	NEXT 20,000	OVER 50,000
FROM BILLING ANALYSIS:						
COMMODITY PERCENTS	100.00%	31.80%	36.19%	4.50%	0.96%	26.55%
ACTUAL COMMODITY SALES	288,464,000	91,736,700	104,401,700	12,981,600	2,768,300	76,575,700
PEAK DEMAND WEIGHTED FACTOR		2	1.75	1.5	1.25	1
PEAK DEMAND WEIGHTED SALES	465,684,850	183,473,400	182,702,975	19,472,400	3,460,375	76,575,700
DEMAND PERCENTS	100.00%	39.40%	39.23%	4.18%	0.74%	16.44%
COMMODITY COSTS	\$820,826	\$261,037	\$297,076	\$36,939	\$7,877	\$217,897
DEMAND COSTS	\$813,599	\$320,547	\$319,201	\$34,020	\$6,046	\$133,786
CUSTOMER COSTS	\$707,930	\$707,930				
TOTAL COSTS	\$2,342,355	\$1,289,514	\$616,276	\$70,959	\$13,923	\$351,682
DIVIDE BY BILLS/GALLONS		53,686	104,401,700	12,981,600	2,768,300	76,575,700
CALCULATED RATES		\$24.02	\$5.90	\$5.47	\$5.03	\$4.59
		FIRST 2,000	NEXT 8,000	NEXT 20,000	NEXT 20,000	OVER 50,000

BIG SANDY WATER DISTRICT		
WATER PURCHASED AND SOLD		
Total Produced	381,312,693	
Fire Department and Sewer	245,000	0.0006
System Use	1,232,000	0.0032
Line Loss	101,767,193	0.2669
Bulk Sales	-	0.0000
Retail Sales	267,954,000	0.7027
Wholesale Sales	10,114,500	0.0265
Total	381,312,693	1.00

BIG SANDY WATER DISTRICT						
INCH MILE RATIO						
	Total System			Jointly Used		
Size	Feet	Miles	Inch Miles	Feet	Miles	Inch Miles
12		2.09	25.08	-	2.09	25.08
8		27.58	220.64	-	6.50	52.00
6		118.20	709.20	-	-	0.00
4		71.20	284.80	-	-	0.00
3		189.00	567.00	-	-	0.00
2		9.50	19.00	-	-	0.00
1		2.20	2.20	-	-	0.00
3/4"		3.75	2.81	-	-	0.00
Total	-	423.52	1830.73	-	-	77.08
Inch Mile Ratio		0.0421				

BIG SANDY WATER DISTRICT		
WHOLESALE ALLOCATION FACTORS		
		Factor
Line Loss Percentage *		0.1500
Plant Use Percentage		0.0032
Allowable Line Loss & Plant Use	$0.1500 + 0.0032$	0.1532
Production Multiplier	$1/1-0.0032$	1.0032
Inch Mile Ratio	$77.08 / 1830.73$	0.0421
Wholesale Share of Line Loss	$0.0421 * 0.1500$	0.0063
Joint Share Line Loss / Plant Use	$0.0063 + 0.0032$	0.0095
Wholesale Production Multiplier	$1/1-0.0095$	1.0096
Production Allocation Factor	$10,114,500/278,068,500 * (1.0096/1.0032)$	0.0366
Pipeline Transmission Factor	$10,114,500/278,068,500 * 0.0421$	0.0015
Use Factor	$10,114,500/278,068,500$	0.0364

BIG SANDY WATER DISTRICT

WHOLESALE ALLOCATION FACTORS

			Factor
Line Loss Percentage		Amount Allowable by PSC	0.1500
Plant Use Percentage			0.0032
Allowable Line Loss & Plant Use	$0.1500 + 0.0032$	= Line Loss % + Plant Use %	0.1532
Production Multiplier	$1/1-0.0032$	= $1/(1 - \text{Plant Use \%})$	1.0032
Inch Mile Ratio	$77.08 / 1830.73$	= Total Jointly Used Inch Miles / Total Inch Miles	0.0421
Wholesale Share of Line Loss	$0.0421 * 0.1500$	= Inch Mile Ratio X Line Loss %	0.0063
Joint Share Line Loss / Plant Use	$0.0063 + 0.0032$	= Wholesale Share of Line Loss + Plant Use %	0.0095
Wholesale Production Multiplier	$1/1-0.0095$	= $1/1 - \text{Joint Share Line Loss / Plant Use}$	1.0096
Production Allocation Factor	$10,114,500/278,068,500 * (1.0096/1.0032)$	= $(\text{Sales to Wholesale customers} / \text{Total Water Sold}) * (\text{Wholesale Production Multiplier} / \text{Production Multiplier})$	0.0366
Pipeline Transmission Factor	$10,114,500/278,068,500 * 0.0421$	= $(\text{Sales to Wholesale customers} / \text{Total Water Sold}) * \text{Inch Mile Ratio}$	0.0015
Use Factor	$10,114,500/278,068,500$	= Sales to Wholesale Customers / Total Water Sold	0.0364



## BIG SANDY WATER DISTRICT

## ALLOCATION OF EXPENSES

Expense	Total	Pumping and Treatment	Transmission and Distribution	Customer
Purchased Power *	\$ 61,674	\$ 61,674		
Purchased Water *	785,158	785,158		
Employee Salaries	315,551	87,382	59,516	168,654
Employee Pension & Benefits	148,991	48,368	28,210	72,413
Materials & Supplies (Meters)	78,132			78,132
Advertising	190			190
Bad Debts Expense	8,680			8,680
Contractual Services - Other	23,490			23,490
Contractual Services - Water Testing *	4,978	4,978		
Subtotal Less Commodity*	\$ 575,034	\$ 135,750	\$ 87,726	\$ 351,558
Percentage		0.2361	0.1526	0.6114
<i>Administrative and General</i>				
Commissioners Salaries	30,000	7,082	4,577	18,341
Contractual Services - Accounting	4,620	1,091	705	2,825
Contractual Services - Legal	4,188	989	639	2,560
Insurance	13,704	3,235	2,091	8,378
Miscellaneous	52,568	12,410	8,020	32,138
Transportation Expense	26,673	6,297	4,069	16,307
Payroll Taxes	24,139	5,699	3,683	14,758
Subtotal	\$ 1,582,736	\$ 1,024,362	\$ 111,508	\$ 446,866
Depreciation	\$ 392,807	\$ 92,731	\$ 59,926	\$ 240,150
Debt Service plus Coverage	\$ 414,855	\$ 97,936	\$ 63,289	\$ 253,630
Total Expenses	\$ 2,390,398	\$ 1,215,029	\$ 234,723	\$ 940,647
*Commodity Costs designated by (*)				

BIG SANDY WATER DISTRICT				
WHOLESALE RATE				
Expense	Total	Allocation Factor	Amount to Wholesale	Rate to Wholesale
<b>Commodity</b>				
Purchased Power & Water	\$ 846,832	0.0364	\$ 30,803	3.0454
Water Testing	\$ 4,978	0.0364	\$ 181	0.0179
<b>Operation and Maintenance</b>				
Pumping and Treatment	172,552	0.0366	6,316	0.6245
Transmission and Distribution	111,508	0.0015	171	0.0169
Customer	446,866			
<b>Depreciation</b>				
Pumping and Treatment	92,731	0.0366	3,395	0.3356
Transmission and Distribution	59,926	0.0015	92	0.0091
Customer	240,150			
<b>Debt Service</b>				
Pumping and Treatment	97,936	0.0366	3,585	0.3544
Transmission and Distribution	63,289	0.0015	97	0.0096
Customer	253,630			
<b>Total Expenses</b>	<b>\$ 2,390,398</b>		<b>\$ 44,639</b>	
Less: Interest Income	3,409	0.0015	\$ 5	0.0005
<b>Wholesale Rate</b>	<b>2,386,989</b>		<b>\$ 44,634</b>	<b>\$ 4.41</b>

## Outstanding Debt Instruments

Listed below are the outstanding debt issuances of the Big Sandy Water District. See the listed cases for loan agreements. Amortization schedules are attached.

RD Loan 91-07 in the principal amount of \$1,214,000, Interest Rate 4.5 percent per annum, Term of 40 Years. Case No. 93-332, In the Matter of the Application of Big Sandy Water District of Boyd, Carter and Lawrence Counties, Kentucky, for a Certificate of Public Convenience and Necessity to Construct and Finance Pursuant to the Provisions of Section 278.023 of the Kentucky Revised Statutes (Ky. PSC Sep. 4, 1993).

RD Loan 91-10 in in the principal amount of \$495,000, Interest Rate 4.5 percent per annum, Term of 40 Years. Case No. 2000-191, In the Matter of the Application of the Big Sandy Water District to Issue Securities in the Approximate Principal Amount of \$495,000 for the Purpose of Replacing Certain Outstanding Revenue Bonds of the Lawrence County Water District Being Assumed by the Big Sandy Water District Pursuant to the Provisions of KRS 278.3000 and 807 KAR 5:001 (Ky. PSC June 20, 2000).

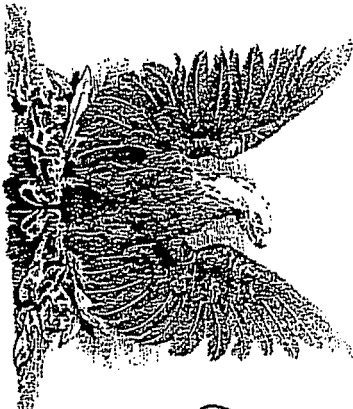
RD Loan 91-11 in in the principal amount of \$527,000, Interest Rate 4.5 percent per annum, Term of 40 Years. Case No. 2001-00232, The Application of Big Sandy Water District for A Certificate of Public Convenience and Necessity to Construct and Finance Pursuant to the Provisions Of KRS 278.023 (Ky. PSC Aug. 22, 2001).

KIA C89-16 The Kentucky Infrastructure Authority on behalf of 27 water utilities applied for retroactive authority to issue evidences of indebtedness, which the Commission denied. Case No. 2005-00058, Kentucky Infrastructure Authority's Joint Application on Behalf of Certain Water Districts for Authority to Borrow Funds to Refinance Certain Indebtedness to the Kentucky Infrastructure Authority (Ky. PSC Aug. 26, 2005).

KRWA 2001 in in the principal amount of \$793,000, Interest Rate between 4.15 percent and 5.525 percent per annum. Case No. 2001-00178, The Application of the Big Sandy Water District for A Certificate of Public Convenience and Necessity to Construct an Improvements Project and to Issue Securities in the Approximate Principal Amount of \$822,000 for the Purpose of Financing Said Project and Refunding Certain Outstanding Revenue Bonds of the District Pursuant to the Provisions of KRS 278.020, 278.300 and 807 KAR 5:001

KRWA 2004 in the principal amount of \$732,000, Interest Rates varying from 3.12 percent to 4.62 percent. Case No. 2005-00230, Application of the Big Sandy Water District for A Certificate of Public Convenience and Necessity to Construct and Finance an Improvements Project Pursuant to KRS 278.020 and 278.300 (Ky. PSC Aug. 11, 2005).

KRWA 2007 in the principal amount of \$931,000, Interest Rates varying from 3.85 percent to 4.3 percent. Case No. 2007-00014, Application of the Big Sandy Water District for an Order Approving the Issuance of Securities Pursuant to KRS 278.300 (Ky. PSC April 3, 2007).



91-01  
232-2  
242-1-1



UNITED STATES OF AMERICA - COMMONWEALTH OF KENTUCKY - COUNTIES OF BOYD, CARTER AND LAWRENCE  
**BIG SANDY WATER DISTRICT**  
WATERWORKS REVENUE BONDS OF 1993  
INTEREST RATE: 4.50%

KNOW ALL MEN BY THESE PRESENTS, That the Big Sandy Water District (the "District"), acting by and through its Board of Commissioners (the "Commissioner"), a public body corporate in Boyd, Carter and Lawrence Counties, Kentucky, for value received, hereby promises to pay to UNITED STATES OF AMERICA - FARMERS HOME ADMINISTRATION, 771 Corporate Drive, Suite 200, Lexington, Kentucky 40503-547, the registered owner hereof, or to its registered assigns, solely from the fund hereinafter identified, the sum of

**ONE MILLION TWO HUNDRED FOURTEEN THOUSAND DOLLARS (\$1,214,000),**

on the first day of January, in years and installments as follows:

Year	Principal	Year	Principal
1996	\$11,500	2009	\$21,000
1997	11,500	2010	22,500
1998	12,500	2011	23,500
1999	13,000	2012	24,500
2000	13,500	2013	26,000
2001	14,500	2014	27,000
2002	15,000	2015	28,500
2003	16,000	2016	30,000
2004	16,500	2017	31,500
2005	17,500	2018	33,000
2006	18,500	2019	34,500
2007	19,000	2020	36,500
2008	20,500	2021	38,000

and in like manner, solely from said fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, at the interest rate specified above, commencing on the first day of January and July in each year, beginning with the first January or July after the date of this Bond, until said sum is paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable hereto, both principal and interest being payable, without deduction for exchange or collection charges, in lawful money of the United States of America, at the address of the registered owner shown on the registration book of the District.

This Bond is issued by the District under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58, 74 and 106 of the Kentucky Revised Statutes (collectively the "Act"), and pursuant to a duly adopted Bond Resolution of the District authorizing same (the "Current Bond Resolution"), to which Current Bond Resolution reference is hereby made for a description of the nature and extent of the security thereby created, the rights and limitations of rights of the registered owner of this Bond, and the rights, obligations and duties

of the District, for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to its existing waterworks system of the District (said existing waterworks system, together with said extensions, additions and improvements, being hereinafter referred to as the "System").  
This Bond is issued subject to the vested rights and priorities in favor of the outstanding loan from the Kentucky Infrastructure Authority ("KIA Loan") to the District.  
This Bond ranks on a parity as to security and source of payment with the outstanding Big Sandy Water District Waterworks Revenue Bonds 1989, dated March 6, 1991 (the "Prior Bonds"), authorized by a Resolution adopted by the Commission of the District on December 11, 1989 (the "Prior Bond Resolution").  
This Bond has been issued in full compliance with the Current Bond Ordinance and the Prior Bond Resolution, and this Bond, together with said Prior Bonds, and any bonds ranking on a parity therewith that may be issued and outstanding under the conditions and restrictions of the Current Bond Resolution and Prior Bond Resolution, are and will continue to be payable from and secured by a pledge of the gross revenues to be derived from the operation of said System, which revenues shall be sufficient to pay the principal of and interest on the Prior Bonds, this Bond and any additional bonds ranking on a parity therewith, as may be issued and outstanding under the conditions and restrictions set out in said Current Bond Resolution and the Prior Bond Resolution, as and when the same become due and payable, and a sufficient portion of which revenues shall be set aside in a fund for that purpose and identified as the "Big Sandy Water District Waterworks Bond and Interest Sinking Fund", created in its Prior Bond Resolution.  
FURTHER PROVISIONS OF THIS BOND ARE SET FORTH ON THE REVERSE HEREOF.  
It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond, do exist, have happened and have been performed in due time, form and manner as required by law and that the amount of this Bond, together with all other obligations of the District, does not exceed any limit prescribed by the Constitution or Statutes of the Commonwealth of Kentucky.  
IN WITNESS WHEREOF said Big Sandy Water District, by its Board of Commissioners, has caused this Bond to be executed by its Chairman, Boyd, Carter and Lawrence Counties, Kentucky, and attested by its Secretary, on the date of this Bond, which is

Attest:

Secretary

By \_\_\_\_\_ Chairman

BIG SANDY WATER DISTRICT  
Boyd, Carter and Lawrence Counties, Kentucky

UNITED STATES OF AMERICA  
COMMONWEALTH OF KENTUCKY

1215  
232  
274

Lawrence G. Phase I

REGISTERED

**BIG SANDY WATER DISTRICT  
WATERWORKS REVENUE BOND, SERIES 2000**

INTEREST RATE: 4.50%

REGISTERED

PRINCIPAL AMOUNT  
**\$495,000**

NUMBER  
**R-1**

KNOW ALL MEN BY THESE PRESENTS: That the Big Sandy Water District (the "District"), acting by and through its Board of Commissioners (the "Commissioner"), a water district created pursuant to Chapter 74 of the Kentucky Revised Statutes, for value received, hereby promises to pay to UNITED STATES OF AMERICA, acting by and through the U.S. DEPARTMENT OF AGRICULTURE, 771 Corporate Drive, Suite 200, Lexington, Kentucky 40503-5477, the Registered Owner hereof, or to its registered assigns, solely from the fund hereinafter identified, the sum of

**FOUR HUNDRED NINETY-FIVE THOUSAND DOLLARS (\$495,000)**

on the first day of January, in years and installments as follows:

Payment Due January, L.	Principal Payment	Payment Due January, L.	Principal Payment
2001	55,500	2014	10,000
2002	55,500	2015	10,500
2003	55,500	2016	11,000
2004	55,500	2017	11,500
2005	55,500	2018	12,000
2006	55,500	2019	12,500
2007	55,500	2020	13,000
2008	55,500	2021	13,500
2009	55,500	2022	14,000
2010	55,500	2023	14,500
2011	55,500	2024	15,000
2012	55,500	2025	15,500
2013	55,500	2026	16,000

and interest being payable, without deduction for exchange or collection charges, in lawful money of the United States of America, at the address of the Registered Owner shown on the registration book of the District.

This Bond is issued by the District under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58 and 74 of the Kentucky Revised Statutes (collectively the "Act"), and pursuant to a duly adopted Bond Resolution of the District authorizing same (the "Bond Resolution"), to which Bond Resolution reference is hereby made for a description of the nature and extent of the security, thereby created, the rights and limitations of rights of the Registered Owner of this Bond, and the rights, obligations and duties of the District, for the purpose of replacing and substituting this Bond for the outstanding Lawrence County Water District Waterworks Revenue Bonds, Series 1997, dated September 18, 1997 (the "LAWRENCE COUNTY BONDS") in connection with the purchase by the District, of the waterworks system of Lawrence County Water District (the "LAWRENCE COUNTY WATERWORKS SYSTEM").

**IF FURTHER PROVISIONS OF THIS BOND ARE SET FORTH ON THE REVERSE HEREOF**  
It is hereby certified, declared, attested, and things required to exist, happen and be performed, precedent to and in the issuance of this Bond, do exist, have happened and have been performed to due time, form and manner as required by law, and that the face amount of this Bond, together with all other obligations of the District, does not exceed any limit prescribed by the Constitution or Statutes of the Commonwealth of Kentucky.

IN WITNESS WHEREOF said Big Sandy Water District, by its Commissioner, has caused this Bond to be executed by its Chairman, its corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is

**BIG SANDY WATER DISTRICT**

Attest: \_\_\_\_\_

Secretary

By: \_\_\_\_\_

Chairman



232-5  
427-01

Lawrence in  
Phase II

UNITED STATES OF AMERICA  
COMMONWEALTH OF KENTUCKY  
COUNTIES OF BOYD, CARTER AND LAWRENCE

REGISTERED

**BIG SANDY WATER DISTRICT  
WATERWORKS REVENUE BOND, SERIES 2001**  
Interest Rate: 4.50%

REGISTERED

PRINCIPAL AMOUNT  
**\$527,000**



KNOW ALL PERSONS BY THESE PRESENTS: That the Big Sandy Water District (the "District"), acting by and through its Board of Commissioners (the "Commission"), a public body corporate in Boyd, Carter and Lawrence Counties, Kentucky, for value received, hereby promises to pay to the UNITED STATES OF AMERICA, acting by and through the U.S. DEPARTMENT OF AGRICULTURE, 771 Corporate Drive, Suite 200, Lexington Kentucky 40503-5477, the Registered Owner hereof, or to its registered assigns, as hereinafter provided, the sum of **FIVE HUNDRED TWENTY-SEVEN THOUSAND DOLLARS (\$527,000)** and interest being payable, without deduction for exchange or collection charges, in lawful money of the United States of America, at the address of the Registered Owner shown on the registration book of the District.

This Bond is issued by the District under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58 and 74 of the Kentucky Revised Statutes (collectively the "Act"), and pursuant to a duly adopted Bond Resolution of the District authorizing same (the "Current Bond Resolution"), to which Current Bond Resolution reference is hereby made for a description of the nature and extent of the security thereby created, the rights and limitations of rights of the Registered Owner of this Bond and the rights, obligations and duties of the District, for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the existing waterworks system of the District (said existing waterworks system, together with said extensions, additions and improvements, being hereinafter referred to as the "System").

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed in and about the System, and that all the conditions and things required to exist, happen and be performed in and about the System, have been performed and are being performed, and that the Commission, together with all of its members, have caused the System to be constructed, maintained, operated and improved in accordance with the Constitution and Statutes of the Commonwealth of Kentucky, and that the Commission, together with all of its members, have caused the System to be constructed, maintained, operated and improved in accordance with the Constitution and Statutes of the Commonwealth of Kentucky, and that the Commission, together with all of its members, have caused the System to be constructed, maintained, operated and improved in accordance with the Constitution and Statutes of the Commonwealth of Kentucky.

on the first day of January, in years and installments as follows:

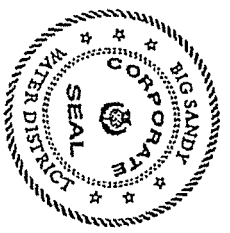
Payment Due	Principal Payment	January, L.	Principal Payment	January, L.
2004	55,580	2017	10,000	2030
2005	5,500	2018	10,500	2031
2006	6,000	2019	11,000	2032
2007	6,500	2020	11,500	2033
2008	7,000	2021	12,000	2034
2009	7,500	2022	12,500	2035
2010	7,500	2023	13,000	2036
2011	7,500	2024	14,000	2037
2012	7,500	2025	14,500	2038
2013	8,500	2026	15,000	2039
2014	9,000	2027	15,500	
2015	9,000	2028	16,000	
2016	9,000	2029	16,500	

and in like manner, solely from said System, or from any other source, the balance of said principal amount, together with all interest thereon, shall be paid, except as the remaining unpaid, at the interest rate specified herein, on the date or dates specified herein, and the date or dates specified herein, shall be the date or dates when the principal amount of this Bond, together with all interest thereon, shall be paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable hereto, both principal

BIG SANDY WATER DISTRICT  
Boyd, Carter and Lawrence Counties, Kentucky

Attest: \_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
Chairman



# Kentucky Infrastructure Authority

## MONTHLY PAYMENT SCHEDULE

Big Sandy Water District

C89-18

Loan Amount

790,000.00

Payment Date	Principal	Coupon	Interest	Debt Service	Service Fee	Sinking Fund	Net Total Payment	Principal Balance Remaining
1/1/2008	416.67	3.000%	3,330.21	3,746.88	128.33	4,683.17	8,558.38	787,083.33
2/1/2008	416.67	3.000%	3,330.21	3,746.88	128.33	4,683.17	8,558.38	766,666.67
3/1/2008	416.67	3.000%	3,330.21	3,746.88	128.33	4,683.17	8,558.38	766,250.00
4/1/2008	416.67	3.000%	3,330.21	3,746.88	128.33	4,683.17	8,558.38	765,833.33
5/1/2008	416.67	3.000%	3,330.21	3,746.88	128.33	4,683.17	8,558.38	765,416.67
6/1/2008	416.67	3.000%	3,330.21	3,746.88	128.33	4,683.17	8,558.38	765,000.00
7/1/2008	833.33	3.500%	3,317.71	4,151.04	127.50	4,245.36	8,523.90	764,166.67
8/1/2008	833.33	3.500%	3,317.71	4,151.04	127.50	4,245.36	8,523.90	763,333.33
9/1/2008	833.33	3.500%	3,317.71	4,151.04	127.50	4,245.36	8,523.90	762,500.00
10/1/2008	833.33	3.500%	3,317.71	4,151.04	127.50	4,245.36	8,523.90	761,666.67
11/1/2008	833.33	3.500%	3,317.71	4,151.04	127.50	4,245.36	8,523.90	760,833.33
12/1/2008	833.33	3.500%	3,317.71	4,151.04	127.50	4,245.36	8,523.90	760,000.00
1/1/2010	833.33	3.500%	3,317.71	4,151.04	127.50	4,245.36	8,523.90	759,166.67
2/1/2010	833.33	3.500%	3,317.71	4,151.04	127.50	4,245.36	8,523.90	758,333.33
3/1/2010	833.33	3.500%	3,317.71	4,151.04	127.50	4,245.36	8,523.90	757,500.00
4/1/2010	833.33	3.500%	3,317.71	4,151.04	127.50	4,245.36	8,523.90	756,666.67
5/1/2010	833.33	3.500%	3,317.71	4,151.04	127.50	4,245.36	8,523.90	755,833.33
6/1/2010	833.33	3.500%	3,317.71	4,151.04	127.50	4,245.36	8,523.90	755,000.00
7/1/2010	833.33	3.750%	3,288.54	4,121.88	125.83	4,303.84	8,551.55	754,166.67
8/1/2010	833.33	3.750%	3,288.54	4,121.88	125.83	4,303.84	8,551.55	753,333.33
9/1/2010	833.33	3.750%	3,288.54	4,121.88	125.83	4,303.84	8,551.55	752,500.00
10/1/2010	833.33	3.750%	3,288.54	4,121.88	125.83	4,303.84	8,551.55	751,666.67
11/1/2010	833.33	3.750%	3,288.54	4,121.88	125.83	4,303.84	8,551.55	750,833.33
12/1/2010	833.33	3.750%	3,288.54	4,121.88	125.83	4,303.84	8,551.55	750,000.00
1/1/2011	833.33	3.750%	3,288.54	4,121.88	125.83	4,303.84	8,551.55	749,166.67
2/1/2011	833.33	3.750%	3,288.54	4,121.88	125.83	4,303.84	8,551.55	748,333.33
3/1/2011	833.33	3.750%	3,288.54	4,121.88	125.83	4,303.84	8,551.55	747,500.00
4/1/2011	833.33	3.750%	3,288.54	4,121.88	125.83	4,303.84	8,551.55	746,666.67
5/1/2011	833.33	3.750%	3,288.54	4,121.88	125.83	4,303.84	8,551.55	745,833.33
6/1/2011	833.33	3.750%	3,288.54	4,121.88	125.83	4,303.84	8,551.55	745,000.00
7/1/2011	833.33	5.000%	3,257.29	4,090.63	124.17	4,331.44	8,546.23	744,166.67
8/1/2011	833.33	5.000%	3,257.29	4,090.63	124.17	4,331.44	8,546.23	743,333.33
9/1/2011	833.33	5.000%	3,257.29	4,090.63	124.17	4,331.44	8,546.23	742,500.00
10/1/2011	833.33	5.000%	3,257.29	4,090.63	124.17	4,331.44	8,546.23	741,666.67
11/1/2011	833.33	5.000%	3,257.29	4,090.63	124.17	4,331.44	8,546.23	740,833.33
12/1/2011	833.33	5.000%	3,257.29	4,090.63	124.17	4,331.44	8,546.23	740,000.00
1/1/2012	833.33	5.000%	3,257.29	4,090.63	124.17	4,331.44	8,546.23	739,166.67
2/1/2012	833.33	5.000%	3,257.29	4,090.63	124.17	4,331.44	8,546.23	738,333.33
3/1/2012	833.33	5.000%	3,257.29	4,090.63	124.17	4,331.44	8,546.23	737,500.00
4/1/2012	833.33	5.000%	3,257.29	4,090.63	124.17	4,331.44	8,546.23	736,666.67
5/1/2012	833.33	5.000%	3,257.29	4,090.63	124.17	4,331.44	8,546.23	735,833.33
6/1/2012	833.33	5.000%	3,257.29	4,090.63	124.17	4,331.44	8,546.23	735,000.00
7/1/2012	27,916.67	5.250%	3,215.63	31,132.29	122.50	-22,721.93	8,532.87	707,083.33
8/1/2012	27,916.67	5.250%	3,215.63	31,132.29	122.50	-22,721.93	8,532.87	679,166.67
9/1/2012	27,916.67	5.250%	3,215.63	31,132.29	122.50	-22,721.93	8,532.87	651,250.00
10/1/2012	27,916.87	5.250%	3,215.63	31,132.29	122.50	-22,721.93	8,532.87	623,333.33
11/1/2012	27,916.67	5.250%	3,215.63	31,132.29	122.50	-22,721.93	8,532.87	595,416.67
12/1/2012	27,916.67	5.250%	3,215.63	31,132.29	122.50	-22,721.93	8,532.87	567,500.00
1/1/2013	27,916.67	5.250%	3,215.63	31,132.29	122.50	-22,721.93	8,532.87	539,583.33
2/1/2013	27,916.67	5.250%	3,215.63	31,132.29	122.50	-22,721.93	8,532.87	511,666.67
3/1/2013	27,916.67	5.250%	3,215.63	31,132.29	122.50	-22,721.93	8,532.87	483,750.00
4/1/2013	27,916.87	5.250%	3,215.63	31,132.29	122.50	-22,721.93	8,532.87	455,833.33
5/1/2013	27,916.67	5.250%	3,215.63	31,132.29	122.50	-22,721.93	8,532.87	427,916.67



# Kentucky Infrastructure Authority

## MONTHLY PAYMENT SCHEDULE

Big Sandy Water District

C89-16

Loan Amount

790,000.00

Payment Date	Principal	Coupon	Interest	Debt Service	Service Fee	Sinking Fund	Net Total Payment	Principal Balance Remaining
6/1/2013	27,916.67	5.250%	3,215.63	31,132.29	122.50	-22,721.93	8,532.87	400,000.00
7/1/2013	33,333.33	5.250%	1,750.00	35,083.33	66.67	-31,779.26	3,370.74	366,666.67
8/1/2013	33,333.33	5.250%	1,750.00	35,083.33	66.67	-31,779.26	3,370.74	333,333.33
9/1/2013	33,333.33	5.250%	1,750.00	35,083.33	66.67	-31,779.26	3,370.74	300,000.00
10/1/2013	33,333.33	5.250%	1,750.00	35,083.33	66.67	-31,779.26	3,370.74	266,666.67
11/1/2013	33,333.33	5.250%	1,750.00	35,083.33	66.67	-31,779.26	3,370.74	233,333.33
12/1/2013	33,333.33	5.250%	1,750.00	35,083.33	66.67	-31,779.26	3,370.74	200,000.00
1/1/2014	33,333.33	5.250%	1,750.00	35,083.33	66.67	-31,779.26	3,370.74	166,666.67
2/1/2014	33,333.33	5.250%	1,750.00	35,083.33	66.67	-31,779.26	3,370.74	133,333.33
3/1/2014	33,333.33	5.250%	1,750.00	35,083.33	66.67	-31,779.26	3,370.74	100,000.00
4/1/2014	33,333.33	5.250%	1,750.00	35,083.33	66.67	-31,779.26	3,370.74	66,666.67
5/1/2014	33,333.33	5.250%	1,750.00	35,083.33	66.67	-31,779.26	3,370.74	33,333.33
6/1/2014	33,333.33	5.250%	1,750.00	35,083.33	66.67	-31,779.26	3,370.74	0.00
<b>TOTAL</b>	<b>790,000.00</b>		<b>379,337.50</b>	<b>1,169,337.50</b>	<b>14,600.00</b>	<b>-220,364.46</b>	<b>963,573.04</b>	

KENTUCKY RURAL WATER FINANCE CORPORATION FLEXIBLE TERM FINANCE PROGRAM, SERIES 2001 A

Borrower: Hig Sandy Water District  
 Dated Date: 06/27/01

Payment Date	Principal	Interest	Taxable	Total	Fiscal Total
06/27/01	16,000.00	24,238.72	950.00	40,588.72	60,635.22
07/01/02	0.00	20,051.50	0.00	20,051.50	56,121.00
01/01/03	16,000.00	20,051.50	360.00	36,411.50	54,944.75
07/01/03	0.00	19,719.50	0.00	19,719.50	54,944.75
01/01/04	19,000.00	19,325.25	390.00	38,715.25	56,627.00
07/01/04	0.00	19,325.25	0.00	19,325.25	56,627.00
01/01/05	18,000.00	18,981.75	360.00	37,341.75	56,776.25
07/01/05	0.00	18,981.75	0.00	18,981.75	56,776.25
01/01/06	23,000.00	18,474.50	360.00	41,834.50	61,177.75
07/01/06	0.00	18,474.50	0.00	18,474.50	61,177.75
01/01/07	20,000.00	17,893.25	350.00	38,243.25	64,410.75
07/01/07	0.00	17,893.25	0.00	17,893.25	64,410.75
01/01/08	31,000.00	17,172.50	360.00	48,532.50	62,044.00
07/01/08	0.00	17,172.50	0.00	17,172.50	62,044.00
01/01/09	26,000.00	16,521.50	360.00	42,881.50	64,659.00
07/01/09	0.00	16,521.50	0.00	16,521.50	64,659.00
01/01/10	32,000.00	15,997.50	350.00	48,347.50	61,946.75
07/01/10	0.00	15,997.50	0.00	15,997.50	61,946.75
01/01/11	31,000.00	14,899.25	350.00	46,249.25	66,185.75
07/01/11	0.00	14,899.25	0.00	14,899.25	66,185.75
01/01/12	37,000.00	13,946.50	350.00	51,296.50	69,254.50
07/01/12	0.00	13,946.50	0.00	13,946.50	69,254.50
01/01/13	38,000.00	12,968.00	350.00	51,318.00	67,123.75
07/01/13	0.00	12,968.00	0.00	12,968.00	67,123.75
01/01/14	42,000.00	11,807.75	350.00	54,165.75	65,777.63
07/01/14	0.00	11,807.75	0.00	11,807.75	65,777.63
01/01/15	43,000.00	10,619.88	350.00	54,000.00	63,401.88
07/01/15	0.00	10,619.88	0.00	10,619.88	63,401.88
01/01/16	43,000.00	9,452.00	350.00	52,802.00	60,888.00
07/01/16	0.00	9,452.00	0.00	9,452.00	60,888.00
01/01/17	48,000.00	8,106.00	350.00	56,456.00	60,183.19
07/01/17	0.00	8,106.00	0.00	8,106.00	60,183.19
01/01/18	51,000.00	6,697.13	350.00	58,047.13	66,252.51
07/01/18	0.00	6,697.13	0.00	6,697.13	66,252.51
01/01/19	54,000.00	5,203.98	350.00	60,556.98	64,186.19
07/01/19	0.00	5,203.98	0.00	5,203.98	64,186.19
01/01/20	57,000.00	3,630.75	350.00	61,000.00	64,118.00
07/01/20	0.00	3,630.75	0.00	3,630.75	64,118.00
01/01/21	59,000.00	2,197.25	350.00	61,547.25	51,398.50
07/01/21	0.00	2,197.25	0.00	2,197.25	51,398.50
01/01/22	48,000.00	1,011.21	350.00	50,401.21	34,271.25
07/01/22	0.00	1,011.21	0.00	1,011.21	34,271.25
01/01/23	39,000.00	0.00	350.00	40,350.00	0.00
07/01/23	0.00	0.00	0.00	0.00	0.00
<b>Totals</b>	<b>795,000.00</b>	<b>382,650.50</b>	<b>7,700.00</b>	<b>1,385,250.50</b>	

Month	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
7/1-1/2	2,285.71	3,461.96	5,747.67
2/2-7/2	1,353.33	3,341.92	4,695.25
8/2-1/3	1,593.33	3,541.92	5,135.25
2/3-7/3	1,583.33	3,286.96	4,869.92
8/3-1/4	1,500.00	3,220.88	4,720.88
2/4-7/4	1,500.00	3,156.63	4,656.63
8/4-1/5	1,916.67	3,156.63	5,073.29
2/5-7/5	1,916.67	3,156.63	5,073.29
8/5-1/6	2,083.33	3,079.08	5,162.42
2/6-7/6	2,083.33	3,079.08	5,162.42
8/6-1/7	2,083.33	2,982.21	5,065.54
2/7-7/7	2,083.33	2,982.21	5,065.54
8/7-1/8	2,393.33	2,862.08	5,255.42
2/8-7/8	2,393.33	2,862.08	5,255.42
8/8-1/9	2,666.67	2,759.38	5,426.05
2/9-7/9	2,666.67	2,759.38	5,426.05
8/9-1/10	2,993.33	2,616.25	5,609.58
2/10-7/10	2,993.33	2,616.25	5,609.58
8/10-1/11	3,083.33	2,483.21	5,566.54
2/11-7/11	3,083.33	2,483.21	5,566.54
8/11-1/12	3,166.67	2,324.42	5,491.08
2/12-7/12	3,166.67	2,324.42	5,491.08
8/12-1/13	3,500.00	2,161.35	5,661.35
2/13-7/13	3,500.00	2,161.35	5,661.35
8/13-1/14	3,583.33	1,967.96	5,551.29
2/14-7/14	3,583.33	1,967.96	5,551.29
8/14-1/15	3,583.33	1,769.98	5,353.31
2/15-7/15	3,583.33	1,769.98	5,353.31
8/15-1/16	4,000.00	1,572.00	5,572.00
2/16-7/16	4,000.00	1,572.00	5,572.00
8/16-1/17	4,250.00	1,351.00	5,601.00
2/17-7/17	4,250.00	1,351.00	5,601.00
8/17-1/18	4,500.00	1,116.19	5,616.19
2/18-7/18	4,500.00	1,116.19	5,616.19
8/18-1/19	4,760.00	867.96	5,627.96
2/19-7/19	4,760.00	867.96	5,627.96
8/19-1/20	4,833.33	606.19	5,439.52
2/20-7/20	4,833.33	606.19	5,439.52
8/20-1/21	4,000.00	358.21	4,358.21
2/21-7/21	4,000.00	358.21	4,358.21
8/21-1/22	2,916.67	150.21	3,066.88
2/22-7/22	2,916.67	150.21	3,066.88
8/22-1/23	0.00	0.00	0.00
2/23-7/23	0.00	0.00	0.00
<b>Totals</b>	<b>795,000.00</b>	<b>382,650.50</b>	<b>1,385,250.50</b>

*subordinated*

*Handwritten notes:*  
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 RETINA

KENTUCKY RURAL WATER FINANCE CORPORATION FLEXIBLE TERM FINANCE PROGRAM SERIES 2014 D

Borrower: Big Sandy Water District  
 Dated Date: 10/19/2014

Borrower Payment Schedule

Payment Date	Principal	Interest Rate	Interest	Trustee Fee	Total	Principal
10/19/04	25,000.00	3.12%	929.97	350.00	34,979.97	49,979.97
07/01/05	0.00		14,570.25	350.00	14,920.25	49,979.97
01/01/06	20,000.00	3.12%	14,979.95	350.00	45,379.95	49,979.97
07/01/06	0.00		14,427.35	350.00	14,777.35	39,657.50
01/01/07	20,000.00	3.12%	14,827.55	350.00	34,127.55	39,657.50
07/01/07	0.00		13,815.55	350.00	14,165.55	48,293.10
01/01/08	20,000.00	3.22%	13,815.55	350.00	33,915.55	48,293.10
07/01/08	0.00		13,493.55	350.00	13,843.55	47,659.10
01/01/09	23,000.00	3.37%	13,493.55	350.00	36,993.55	47,659.10
07/01/09	0.00		13,106.00	350.00	13,456.00	49,949.55
01/01/10	23,000.00	3.37%	13,106.00	350.00	36,106.00	49,949.55
07/01/10	0.00		12,718.45	350.00	13,068.45	49,174.45
01/01/11	23,000.00	3.37%	12,718.45	350.00	35,718.45	49,174.45
07/01/11	0.00		12,330.90	350.00	12,680.90	48,397.35
01/01/12	24,000.00	3.50%	12,330.90	350.00	36,330.90	48,397.35
07/01/12	0.00		11,910.90	350.00	12,260.90	48,397.35
01/01/13	25,000.00	3.62%	11,910.90	350.00	36,510.90	48,397.35
07/01/13	0.00		11,458.40	350.00	11,808.40	48,719.30
01/01/14	24,000.00	4.12%	11,458.40	350.00	35,458.40	48,719.30
07/01/14	0.00		10,964.00	350.00	11,314.00	46,772.40
01/01/15	26,000.00	4.12%	10,964.00	350.00	36,944.00	46,772.40
07/01/15	0.00		10,428.40	350.00	10,778.40	47,142.40
01/01/16	27,000.00	4.12%	10,428.40	350.00	37,428.40	47,142.40
07/01/16	0.00		9,872.20	350.00	10,222.20	47,650.60
01/01/17	27,000.00	4.12%	9,872.20	350.00	36,772.20	47,650.60
07/01/17	0.00		9,316.60	350.00	9,666.60	46,538.20
01/01/18	26,000.00	4.12%	9,316.60	350.00	37,316.60	46,538.20
07/01/18	0.00		8,739.20	350.00	9,089.20	46,405.20
01/01/19	23,000.00	4.12%	8,739.20	350.00	31,799.20	46,405.20
07/01/19	0.00		8,265.40	350.00	8,615.40	40,354.60
01/01/20	25,000.00	4.12%	8,265.40	350.00	33,255.40	40,354.60
07/01/20	0.00		7,750.40	350.00	8,100.40	41,956.80
01/01/21	25,000.00	4.25%	7,750.40	350.00	32,750.40	41,956.80
07/01/21	0.00		7,218.15	350.00	7,568.15	40,318.55
01/01/22	31,000.00	4.25%	7,218.15	350.00	38,218.15	40,318.55
07/01/22	0.00		6,580.40	350.00	6,930.40	45,129.55
01/01/23	33,000.00	4.62%	6,580.40	350.00	39,660.40	45,129.55
07/01/23	0.00		5,798.10	350.00	6,148.10	45,708.50
01/01/24	35,000.00	4.62%	5,798.10	350.00	40,798.10	45,708.50
07/01/24	0.00		4,989.60	350.00	5,339.60	46,317.70
01/01/25	38,000.00	4.62%	4,989.60	350.00	42,989.60	46,317.70
07/01/25	0.00		4,111.80	350.00	4,461.80	47,451.40
01/01/26	40,000.00	4.62%	4,111.80	350.00	44,111.80	47,451.40
07/01/26	0.00		3,187.80	350.00	3,537.80	47,649.60
01/01/27	42,000.00	4.62%	3,187.80	350.00	45,187.80	47,649.60
07/01/27	0.00		2,567.60	350.00	2,917.60	47,755.40
01/01/28	44,000.00	4.62%	2,567.60	350.00	46,217.60	47,755.40
07/01/28	0.00		1,901.20	350.00	2,251.20	47,768.80
01/01/29	52,000.00	4.62%	1,901.20	350.00	52,201.20	47,768.80
Totals	732,000.00		416,319.97	8,400.00	1,186,709.97	53,201.20

Phase III

Month	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payment
12/1-1/5	12,500.00	4,980.99	17,480.99
2/1-2/6	2,416.67	2,460.99	4,877.66
3/1-3/6	2,416.67	2,439.99	4,856.66
4/1-4/6	1,666.67	2,351.59	4,018.26
5/1-5/6	1,666.67	2,351.59	4,018.26
6/1-6/6	1,666.67	2,351.59	4,018.26
7/1-7/6	1,666.67	2,351.59	4,018.26
8/1-8/6	1,666.67	2,351.59	4,018.26
9/1-9/6	1,666.67	2,351.59	4,018.26
10/1-10/6	1,666.67	2,351.59	4,018.26
11/1-11/6	1,666.67	2,351.59	4,018.26
12/1-12/6	1,666.67	2,351.59	4,018.26
1/1-1/7	1,666.67	2,351.59	4,018.26
2/1-2/7	1,666.67	2,351.59	4,018.26
3/1-3/7	1,666.67	2,351.59	4,018.26
4/1-4/7	1,666.67	2,351.59	4,018.26
5/1-5/7	1,666.67	2,351.59	4,018.26
6/1-6/7	1,666.67	2,351.59	4,018.26
7/1-7/7	1,666.67	2,351.59	4,018.26
8/1-8/7	1,666.67	2,351.59	4,018.26
9/1-9/7	1,666.67	2,351.59	4,018.26
10/1-10/7	1,666.67	2,351.59	4,018.26
11/1-11/7	1,666.67	2,351.59	4,018.26
12/1-12/7	1,666.67	2,351.59	4,018.26
1/1-1/8	1,666.67	2,351.59	4,018.26
2/1-2/8	1,666.67	2,351.59	4,018.26
3/1-3/8	1,666.67	2,351.59	4,018.26
4/1-4/8	1,666.67	2,351.59	4,018.26
5/1-5/8	1,666.67	2,351.59	4,018.26
6/1-6/8	1,666.67	2,351.59	4,018.26
7/1-7/8	1,666.67	2,351.59	4,018.26
8/1-8/8	1,666.67	2,351.59	4,018.26
9/1-9/8	1,666.67	2,351.59	4,018.26
10/1-10/8	1,666.67	2,351.59	4,018.26
11/1-11/8	1,666.67	2,351.59	4,018.26
12/1-12/8	1,666.67	2,351.59	4,018.26
1/1-1/9	1,666.67	2,351.59	4,018.26
2/1-2/9	1,666.67	2,351.59	4,018.26
3/1-3/9	1,666.67	2,351.59	4,018.26
4/1-4/9	1,666.67	2,351.59	4,018.26
5/1-5/9	1,666.67	2,351.59	4,018.26
6/1-6/9	1,666.67	2,351.59	4,018.26
7/1-7/9	1,666.67	2,351.59	4,018.26
8/1-8/9	1,666.67	2,351.59	4,018.26
9/1-9/9	1,666.67	2,351.59	4,018.26
10/1-10/9	1,666.67	2,351.59	4,018.26
11/1-11/9	1,666.67	2,351.59	4,018.26
12/1-12/9	1,666.67	2,351.59	4,018.26
Totals	732,000.00	416,319.97	1,186,709.97

KRWFC Flexible Term Program Series 2007 A  
Sinking Fund Payment Schedule

Borrower: Big Sandy Water District  
Closing Date: 01/30/07

133-4

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
3/7-7/7	2,480 00	3,870.06	6,350.06
8/7-1/8	3,100 00	3,207 23	6,307 23
2/8-7/8	2,666 67	3,102 61	5,769 27
8/8-1/9	2,666 67	3,102 61	5,769 27
2/9-7/9	2,833 33	2,994.61	5,827 94
8/9-1/10	2,833 33	2,994 61	5,827.94
2/10-7/10	2,916 67	2,879 86	5,796 52
8/10-1/11	2,916 67	2,879 86	5,796 52
2/11-7/11	3,000 00	2,761.73	5,761 73
8/11-1/12	3,000 00	2,761 73	5,761 73
2/12-7/12	3,166 67	2,640 23	5,806 90
8/12-1/13	3,166 67	2,640 23	5,806 90
2/13-7/13	3,250 00	2,511 98	5,761 98
8/13-1/14	3,250 00	2,511 98	5,761 98
2/14-7/14	3,416 67	2,380 36	5,797.02
8/14-1/15	3,416 67	2,380 36	5,797 02
2/15-7/15	3,666 67	2,241 98	5,908 65
8/15-1/16	3,666.67	2,241 98	5,908 65
2/16-7/16	3,666 67	2,093 48	5,760 15
8/16-1/17	3,666.67	2,093 48	5,760 15
2/17-7/17	3,833 33	1,944.98	5,778 31
8/17-1/18	3,833 33	1,944 98	5,778 31
2/18-7/18	4,000 00	1,789 73	5,789 73
8/18-1/19	4,000 00	1,789 73	5,789.73
2/19-7/19	4,166 67	1,627 73	5,794 40
8/19-1-20	4,166 67	1,627 73	5,794 40
2/20-7/20	4,333 33	1,458 98	5,792.31
8/20-1/21	4,333.33	1,458 98	5,792 31
2/21-7/21	4,500 00	1,283 48	5,783 48
8/21-1/22	4,500 00	1,283 48	5,783 48
2/22-7/22	4,666 67	1,101 23	5,767 90
8/22-1/23	4,666 67	1,101 23	5,767 90
2/23-7/23	4,916 67	906 40	5,823 06
8/23-1/24	4,916 67	906 40	5,823 06
2/24-7/24	5,083 33	694 98	5,778 31
8/24-1/25	5,083 33	694 98	5,778 31
2/25-7/25	5,333 33	476 40	5,809 73
8/25-1/26	5,333 33	476 40	5,809 73
2/26-7/26	5,583 33	247 06	5,830 40
8/26-1/27	5,583 33	247.06	5,830 40
	<u>931,000.00</u>	<u>460,247.10</u>	<u>1,391,247.10</u>

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**BIG SANDY WATER DISTRICT  
MEMORANDUM**

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**TO:** Mark Frost, KY Public Service Commission-Rates & Tariffs

**FROM:** Jimmy Blanton

**SUBJECT:** Surcharge for Water Losses/Leak Detection

**DATE:** March 9, 2012

**SME NO:** 12007

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The Big Sandy Water District Board of Directors at their March 1, 2012 Regular Meeting directed the Manager and Sisler-Maggard Engineering, PLLC to prepare contract documents (bids) to install 30-35 mainline meters.

The meters (with bypasses) will allow the District staff to isolate their 356 mile system into manageable segments to allow them to find and eliminate system leaks. Of course their goal is to achieve less then 12% water loss.

As the Public Service Commission is aware, the BSWD purchases water from the City of Kenova, West Virginia, the City of Louisa, Cannonsburg Water District and Rattlesnake Ridge Water District. As the Commission is also aware, the purchase price for water from the entities continues to go up unabated. Subsequently the economic impact on BSWD continues to grow.

The BSWD has obtained a short term "line of credit" for \$250,000 from Town Square Bank for this project. This project is estimated to cost in the \$225,000 range. We intend to bid material and bid labor in separate contracts.

Your acknowledgement and acquiescence will be appreciated.

*James H. Blanton*

James H. Blanton  
Manager

# **ATTACHMENT 7d-2**

STAFF REPORT  
ON  
BIG SANDY WATER DISTRICT  
CASE NO. 2012-00152

On April 24, 2012, Big Sandy Water District ("Big Sandy District") filed an application with the Commission requesting to adjust its rates for water service in order to produce additional annual revenues from water sales of \$250,499, an increase of 11.7 percent over normalized revenues from water sales of \$2,136,489. The monthly bill for an average residential customer would increase from \$30.21 to \$33.30, or approximately 10.2 percent.

The application was prepared with the assistance of Commission Staff ("Staff") pursuant to a written request from Big Sandy District dated August 3, 2011. To prepare the application, Staff, with assistance from Big Sandy District's personnel, performed a limited financial review of Big Sandy District's test-year operations, the year ending December 31, 2010. The scope of the review was limited to determining whether operations reported for the test-year were representative of normal operations. Known and measurable changes to test-year operations were identified and adjustments were made when their effects were deemed to be material. Insignificant or immaterial discrepancies were not pursued and were not addressed.

After completing the financial review, Staff assisted Big Sandy District in calculating its revenue requirements and developing a cost-of-service study using ratemaking methods and principles historically used by the Commission. The rates requested by Big Sandy District are supported by the cost-of-service study.

After Big Sandy District filed its application, Staff identified additional adjustments to Big Sandy District’s test-year operations. These adjustments are summarized below showing their impact on Big Sandy District’s revenue requirements. These adjustments, along with all the adjustments proposed in Big Sandy District’s application, are included on the Adjusted Operating Statement shown in Table B1 of Appendix B and are explained in Appendix B. The adjustments shown below for the Purchased Water Adjustment (“PWA”) do not appear on Table B1 exactly as they are shown below. In Table B1, these adjustments are netted with other adjustments to the same revenue and expense accounts.

Adjustments Recommended by Staff in  
Addition to those included in the Application

	Amount	Ref.
Revenues Adjustments		
Purchased Water Adjustment	\$ (224,988)	(A)
Other Operating Revenues	(71,563)	(B)
Expense Adjustments		
Purchased Water Adjustment	169,978	(E)
Purchased Power to Pump Excess Water Loss	(4,491)	(F)
Net Effect on Revenue Requirement	\$ (131,064)	

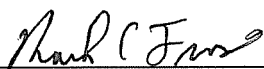
After making the four additional adjustments shown above, Staff calculated Big Sandy District’s overall revenue requirements to be \$2,555,884 using the same method applied in Big Sandy District’s application, the Debt Service Coverage (“DSC”) method. The revenue required from rates is \$2,480,912, which requires a revenue increase of \$119,436, or 5.06 percent, over normalized water sales of \$2,361,476. These

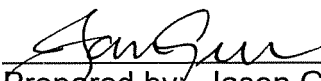


calculations are detailed in Table A1 of Appendix A and are shown in comparison to those included in Big Sandy District's application. These revenue requirements were entered into the cost-of-service study as shown in Appendix C to formulate the rates shown in Appendix D. If the Commission were to approve these rates, the average residential customer's monthly bill would increase from \$32.90<sup>1</sup> to \$35.03, or approximately 6.47 percent.

Staff members Mark Frost and Jason Green performed the limited financial review of Big Sandy District's test-year operations. This report summarizes Staff's review and recommendations. Mr. Frost is responsible for Appendix A, Determination of Overall Revenue Requirement and Required Revenue Increase; and Appendix B, Determination of Adjusted Operations and Explanation of Adjustments. Mr. Green is responsible for Appendix C, Staff's Cost-of-Service Study; and Appendix D, Staff's Recommended Rates.

Signatures

  
Prepared by: Mark C. Frost  
Financial Analyst, Water and Sewer  
Revenue Requirements Branch  
Division of Financial Analysis

  
Prepared by: Jason Green  
Rate Analyst, Communications, Water  
and Sewer Rate Design Branch  
Division of Financial Analysis

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<sup>1</sup> The current rates used to calculate the minimum bill were the rates approved in Case No. 2012-00161 to reflect the pass-through of the increase in the City of Kenova's wholesale rate.

APPENDIX A  
STAFF REPORT CASE NO. 2012-00152

DETERMINATION OF OVERALL REVENUE REQUIREMENT  
AND REQUIRED REVENUE INCREASE

Big Sandy District proposed to use the Debt Service Coverage (“DSC”) method to calculate its revenue requirement and required revenue increase. These calculations are shown below in Table A1 along with Staff’s calculations using the DSC method.

Table A1  
Comparison of Revenue Requirements

	Big Sandy District Application	Commission Staff
Pro Forma Operating Expenses, See Table B1	\$ 1,975,542	\$ 2,141,029
Three-Year Average Principal and Interest Payment		
RD	124,227	124,227
KIA and KRWFC	241,621	241,621
Debt Service Coverages:		
RD at 20 Percent	24,845	24,845
KIA and KRWFC at 10 Percent	24,162	24,162
Total Revenue Requirement	2,390,397	2,555,884
Less: Other Operating Revenues, See Table B1		(71,563)
Other Income and Deductions, See Table B1	(3,409)	(3,409)
Total Revenue Requirement from Rates	2,386,988	2,480,912
Less: Normalized Revenues at Present rates, See Table B1	(2,136,489)	(2,361,476)
Required Revenue Increase	\$ 250,499	\$ 119,436
Percentage Increase	11.725%	5.058%

DSC Method. Historically, the Commission has used the DSC method to determine the revenue requirement of water districts and water associations that have long-term debt. This approach is used primarily because a bond ordinance or loan agreement requires that a water district or water association maintain a predetermined DSC level. Pursuant to this approach, the Commission calculates the revenue requirement by summing a utility’s operating expenses; average annual debt

principal and interest payments; and the DSC requirements of the utility's debt agreements.

Big Sandy District reports the following outstanding long-term debt issuances: Rural Development ("RD") Waterworks Revenue Bonds of 1993; RD Waterworks Revenue Bonds, Series 2000; RD Waterworks Revenue Bonds, series 2001; Kentucky Infrastructure Authority ("KIA"), C89-16 Loan; Kentucky Rural Water Financing Corporation ("KRWFC"), 2001 Loan; KRWFC, 2004 Loan; and KRWC, 2007 Loan.<sup>2</sup> Using the amortization schedules for these long-term debts, Big Sandy District calculates a total three-year average debt service payment of \$365,848 as shown in Table A2.

	2012	2013	2014	3-Year Avg.
RD 91-07	\$ 67,093	\$ 67,490	\$ 67,320	\$ 67,301
RD 91-10	27,423	28,040	27,613	27,692
RD 91-11	28,920	29,583	29,200	29,234
Subtotal RD	123,436	125,113	124,133	124,227
KIA C89-16	101,001	70,293	19,824	63,706
KRWA 2001	65,846	64,915	66,776	65,845
KRWA 2004	48,242	48,369	46,422	47,678
KRWA 2007	54,410	69,412	69,354	64,392
Subtotal KIA & KRWA	269,499	252,989	202,376	241,621
Totals	<u>\$ 392,935</u>	<u>\$ 378,102</u>	<u>\$ 326,509</u>	<u>\$ 365,848</u>

Big Sandy District's RD Bonds require a DSC ratio of 1.2 and its KIA loans and KRWFC loans require a DSC ratio of 1.1. By applying the 1.2 ratio to the average RD

<sup>2</sup> Application, Outstanding Debt Instruments.

debt service of \$124,227 and the 1.1 ratio to the average loan payments of \$241,621, Staff calculated Big Sandy District's total annual revenue requirement to be \$2,555,884 and an annual revenue requirement from water sales of \$2,480,912, an increase of \$119,436, or 5.06 percent above normalized revenue from water sales of \$2,361,476.

APPENDIX B

STAFF REPORT CASE NO. 2012-00152

DETERMINATION OF ADJUSTED OPERATIONS  
AND EXPLANATION OF ADJUSTMENTS

Table B1  
Staff's Adjusted Operating Statement

	Test Year	Adjustments	Ref.	Pro forma
Operating Revenue				
Water Sales	\$ 2,104,849	\$ 256,627	(A)	\$ 2,361,476
Other Operating Revenue		71,563	(B)	71,563
Total Operating Revenue	<u>2,104,849</u>	<u>328,190</u>		<u>2,433,039</u>
Operating Expenses				
Operation and Maintenance				
Salaries and Wages - Employees	309,202	6,349	(C)	315,551
Salaries and Wages - Commissioners	30,000			30,000
Employee Pensions and Benefits	124,033	24,957	(D)	148,990
Purchased Water	795,787	159,349	(E)	955,136
Purchased Power	61,674	(4,491)	(F)	57,183
Materials and Supplies	115,746	(37,614)	(G)	78,132
Contractual Services - Accounting	4,620			4,620
Contractual Services - Legal	4,188			4,188
Contractual Services - Water Testing	4,978			4,978
Contractual Services - Other	26,580	(3,090)	(H)	23,490
Transportation	26,673			26,673
Insurance	19,103	(5,399)	(I)	13,704
Advertising	190			190
Bad Debt Expense	8,680			8,680
Miscellaneous	52,568			52,568
Total Operation and Maintenance Expense	<u>1,584,022</u>	<u>140,061</u>		<u>1,724,083</u>
Deprecation	393,195	(388)	(J)	392,807
Taxes Other Than Income	28,771	(4,632)	(K)	24,139
Total Operating Expenses	<u>2,005,988</u>	<u>135,041</u>		<u>2,141,029</u>
Net Operating Income	98,861	193,149		292,010
Interest Income	3,409			3,409
Income Available to Service Debt	<u>\$ 102,270</u>	<u>\$ 193,149</u>		<u>\$ 295,419</u>

(A) Water Sales and Other Operating Revenues. Big Sandy District reported test-year revenue from Water Sales of \$2,104,849. As a part of its application, Big Sandy District verified this level of revenue by presenting a billing analysis. In the analysis, test-year sales were recalculated by applying water service rates to test-year meter readings. The results of the billing analysis demonstrate that test-year water sales should be restated to \$2,136,489. Accordingly, Big Sandy District requested to increase reported sales by \$31,640.

After Big Sandy District filed its application, the Commission issued an Order on May 18, 2012, in Case No. 2012-00161<sup>3</sup> allowing Big Sandy District an increase to its water service rates to pass-through an increase in its wholesale purchased water costs. Staff recommends that test-year revenues be increased to \$2,361,476 to account for this increase. To calculate this amount, Staff applied the rates approved in Case No. 2012-00161 to the customer usages shown in Big Sandy District's billing analysis. Purchased water expense was also increased. This adjustment is discussed in detail at Reference Item (E).

Also, as discussed in Reference Item (B), Staff found that test-year Other Operating Revenues of \$71,563 were incorrectly reported as revenues from Water Sales. Therefore, test-year revenues from water sales should have been reported as \$2,033,286. Correcting this reporting error would restate Big Sandy's requested billing analysis adjustment from \$31,640 to \$103,203 (\$2,136,489, revenue per billing analysis - \$2,033,286, corrected test-year water sales); however, this restatement has no effect

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<sup>3</sup> Case No. 2012-00161, Purchased Water Adjustment Filing of Big Sandy Water District (Ky. PSC May 18, 2012).

on Staff's normalized revenues from water sales of \$2,361,476. This level of revenue was determined by applying current rates to test-year usages and is not affected by the reporting error.

(B) Other Operating Revenues. After Big Sandy District's application was filed, it came to Staff's attention that Big Sandy District inappropriately reported test-year Other Operating Revenues in the amount of \$71,563 in the Water Sales account. These revenues were collected for late payment penalties and other nonrecurring charges. Staff recommends that these revenues be reclassified to the appropriate account, Other Operating Revenues. Accordingly, Other Operating Revenues has been increased by \$71,563.

(C) Salaries and Wages – Employee. Big Sandy District proposes to increase its test-year Salaries and Wages – Employee expenses of \$309,202 by \$6,349. Using Big Sandy District's current staff level, the actual hours worked in the calendar year 2010, and the 2011 employee wage rates, Commission Staff calculates a pro forma Salaries and Wages - Employees expense of \$315,551 as shown in Table A4. Commission Staff is of the opinion that the proposed adjustment is reasonable and that it meets the ratemaking criteria of known and measurable. Accordingly, Commission Staff recommends the Commission accept Big Sandy District's proposed adjustment.

**Table B2**  
**Pro forma Salaries and Wages**

Position Title	2011 Wages		2010 Hours		Pro Forma Salaries
	Regular	Overtime	Regular	Overtime	
Manager	\$ 22.00	\$ 33.00	2,060	208.00	\$ 52,184
Assistant Manager	\$ 19.41	\$ 29.12	2,060	226.00	46,566
Meter Reader/Operator	\$ 16.24	\$ 24.36	2,060	206.50	38,484
Office Manager	\$ 17.50	\$ 26.25	2,060	151.50	40,027
Clerk	\$ 12.50	\$ 18.75	2,060	0.00	25,750
Laborer	\$ 10.50	\$ 15.75	2,060	315.50	26,599
Meter Reader	\$ 13.50	\$ 20.25	2,060	218.50	32,235
Meter Reader/Operator	\$ 15.74	\$ 23.61	2,060	72.50	34,136
Clerk	\$ 9.50	\$ 14.25	2,060	0.00	19,570
Totals					\$ 315,551

(D) Employee Pensions and Benefits. Big Sandy District proposes to increase its test-year employee pensions and benefits expense of \$148,993 by \$24,957 to reflect the 2011 employee insurance premiums and the 2011 County Employees Retirement System (“CERS”) employer contribution rate.

By memorandum dated June 21, 2011, Big Sandy District was informed that the CERS employer contribution rate would increase to 18.96 percent on July 1, 2011. Using the employee benefit premiums effective in the calendar year 2011, the pro forma Salaries and Wages - Employees expense, and the July 1, 2011 CERS contribution rate, Commission Staff calculates a pro forma level of Employee Pensions and Benefits expense of \$148,990 as shown in Table B3. Staff recommends the Commission accept Big Sandy District’s proposed increase.



Table B3  
Pro forma Employee Pensions and Benefits

Position Title	Emp. Health Insurance	Emp. Dental Premium	Retirement 18.9%	Totals
Manager	\$ 15,861	\$ 781	\$ 9,863	\$ 26,505
Assistant Manager	15,394	678	8,801	24,873
Meter Reader/Operator	16,067	537	7,273	23,877
Office Manager	0	0	7,565	7,565
Clerk	7,234	0	4,867	12,101
Laborer	5,661	396	5,027	11,084
Meter Reader	18,512	603	6,092	25,207
Meter Reader/Operator	10,816	510	6,452	17,778
Clerk	0	0	0	0
Totals	<u>\$ 89,545</u>	<u>\$ 3,505</u>	<u>\$ 55,940</u>	<u>\$ 148,990</u>

(E) Purchased Water. In its 2010 Annual Report, Big Sandy District reported a test-year level of purchased water expense of \$795,787 and unaccounted-for water of 88,960,000 gallons or 23.48 percent. Big Sandy District proposes to decrease its purchased water expense by \$10,629 to reflect reducing its unaccounted-for water to 15 percent.

Using the number of gallons of water sold as shown on the billing analysis and the gallons recorded on the purchased water invoices, Staff determined that the test-year unaccounted-for water was actually 81,257,193<sup>4</sup> or 21.31 percent.<sup>5</sup> Big Sandy District's test-year line loss of 21.31 percent exceeds the Commission's allowable limit of 15 percent.<sup>6</sup> Further, effective with water purchased on and after April

<sup>4</sup> 381,312,693 (Water Purchases) – 298,578,500 (Water Sales) – 20,000 (Water Used at Office) – 859,000 (System Flushing) – 245,000 (Fire Department Uses) – 353,000 (Other Uses) = 81,257,193.

<sup>5</sup> Although the unaccounted-for water loss differs from the percentage referenced in the cost-of-service study, there is no impact to Staff's recommended rates because unaccounted-for water is held to the 15 percent allowable limit.

<sup>6</sup> 807 KAR 5:066, Section 6(3).

13, 2012, the City of Kenova is increasing the wholesale water rate it charges to Big Sandy District from \$1.79 per 1,000 gallons to \$2.55 per 1,000 gallons.

As shown in Table B4, limiting Big Sandy District's unaccounted-for water to 15 percent and using the current wholesale rates, Staff calculates a purchased water expense of \$955,136, \$159,349 above reported test-year purchased water expense of \$795,787. Staff recommends the Commission deny Big Sandy District's adjustment and increase purchased water expense by \$159,349.

Table B4  
Pro Forma Purchased Water Expense

	Current Wholesale Rates		Water Purchases	=	Allowable Purchases
Cannonsburg Water District	\$ 3.67	x	47,395.019	=	\$ 173,940
City of Kenova	\$ 2.55	x	220,483.734	=	562,234
Rattlesnake Ridge Water District	\$ 2.96	x	4,747.621	=	14,053
Louisa Water Company	\$ 2.55	x	80,356.567	=	204,909
Pro Forma Purchased Water Expense					\$ 955,136

(F) Purchased Power. Big Sandy District reports a test-year level of purchased power expense of \$61,674. The amount of electricity used by Big Sandy District is dependent on the amount of water that is purchased and pumped through its distribution system. Limiting unaccounted-for water to 15 percent impacts the amount of electricity used which will result in a reduction to the annual cost.

Dividing the test-year purchased power expense of \$61,674 by the test year water purchases of 381,312,693 gallons results in a variable cost of electricity of \$0.162 per 1,000 gallons.<sup>7</sup> Applying the variable cost of electricity to the allowable water purchases of 352,982,941 gallons, Staff calculates a pro forma purchased power

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<sup>7</sup> \$61,674 (Purchased Power) ÷ 381,312,693 (Purchases - Gallons) = \$0.162 cost per 1,000 Gallons.

expense of \$57,183,<sup>8</sup> which is \$4,491 below the test-year level. Accordingly, Staff is recommending the Commission reduce purchased power expense by this amount to reflect the impact on purchased power expense of limiting unaccounted-for water to 15 percent.

(G) Materials and Supplies. Big Sandy District reports a test-year level of Materials and Supplies expense of \$115,746. In reviewing the test-year invoices, Staff discovered that \$37,614 of capital expenditures were incorrectly recorded as expenses. To eliminate the capital expenditures listed in Table B5 below, Staff recommends that Big Sandy District’s Materials and Supplies expense be reduced by \$37,614.

Table B5  
Capital Expenditures

Vendor	Descriptions	Amount
Consolidated Pip & Supply	Meter Installations	\$ (2,472)
Consolidated Pip & Supply	Meter Installations	(2,110)
Consolidated Pip & Supply	Meter Installations	(3,621)
Consolidated Pip & Supply	Meter Installations	(4,480)
Consolidated Pip & Supply	Meter Installations	(3,121)
Consolidated Pip & Supply	Meter Installations	(2,820)
IT Technologies	Mole for Service Lines	(4,116)
Neptune Equipment Company	Automated Meter Reading Equip.	(2,693)
Neptune Equipment Company	Automated Meter Reading Equip.	(920)
Neptune Equipment Company	Automated Meter Reading Equip.	(5,804)
Cannonsburg Water District	28 Setters	(2,800)
CI Thornburg	Check Valve	(330)
CI Thornburg	4" Meter	(1,319)
CI Thornburg	4" Meter	(1,008)
Total Capital Expenditures		<u>\$ (37,614)</u>

(H) Contractual Services - Other. Big Sandy District reports a test-year level Contractual Services - Other expense of \$26,580. In reviewing the test-year invoices,

<sup>8</sup> \$0.162 (Variable Cost of Electricity per 1,000 gallons) x 352,982,941 (Allowable Purchases - Gallons) = \$57,183.

Commission Staff discovered that Big Sandy District had incorrectly expensed the purchase of automated meter reading equipment of \$3,090, which is a capital expenditure. Big Sandy District proposes to reduce Contractual Services – Other expense by \$3,090 to eliminate the capital expenditure, which Staff recommends the Commission accept.

(I) Insurance. Big Sandy District reports a test-year level of Insurance expense of \$19,103. The total of the 2011 insurance premiums is \$13,704, which is \$5,399 below the reported expense. Big Sandy District proposes to reduce its insurance expense by \$5,399 to reflect the 2011 invoices. Staff recommends that the Commission accept the proposed adjustment.

(J) Depreciation. Big Sandy District reports a test-year level of Depreciation Expense of \$393,195. As shown in Table B6, Commission Staff calculates a pro forma depreciation expense of \$392,807 to remove the depreciation of the items that were fully depreciated in 2011, to include depreciation for the capital expenditures removed from operating expenses, and to include post-test-year capital expenditures.

**Table B6  
Depreciation Expense**

Account		Depreciation Lives	UPIS 12/31/10	Accumulated Depreciation 12/31/10	Pro Forma Depreciation Expense
No.	Title				
303.00	Land		\$ 25,529	\$ 0	\$ 0
304.00	Structures & Improvements	10	64,512	61,397	3,115
311.00	Pumping Equipment	50	292,307	105,120	5,846
330.00	Distribution Reservoir	50	1,223,302	451,488	24,466
331.00	Transmission & Distribution	50	9,077,248	2,634,801	181,545
333.00	Pipe Acces.	50	3,855,964	1,053,815	77,119
334.00	Meters/Installations	20	1,171,436	571,667	58,572
335.00	Hydrants	30	227,402	19,910	7,580
340.00	Office Equipment	10	36,077	36,077	0
341.00	Transportation Equipment	5	52,218	5,222	10,444
343.00	Tools/Equipment	5	46,120	46,120	0
345.00	Backhoe/Equipment	5	74,003	74,003	0
346.00	Communication	5	6,014	6,014	0
347.00	Other Equipment	5	11,484	11,484	0
348.00	Telemetry Equipment	20	154,543	154,543	0
349.00	Digital Mapping	5	14,583	14,583	0
304.20	Office Building	10	57,018	53,062	3,956
340.00	Computers	5	81,825	78,538	3,287
Capital Expenditures Expensed in Test Period:					
	Meter Installations	20	21,424		1,071
	Check Valve	30	330		11
	Automated Meter Reading Equip.	5	9,417		1,883
	Mole for Service Lines	20	4,116		206
	4" Meters	20	2,327		116
Post-Test-Period Capital Expenditures:					
	River Crossing - City of Kenova	50	117,000		2,340
	30 Main Meter with Bypass - Zone System	20	225,000		11,250
Pro Forma Depreciation Expense					\$ 392,807
Less: Reported Depreciation Expense					393,195
Pro Forma Adjustment					\$ (388)

(K) Payroll Taxes. Big Sandy District reports a test-year payroll tax expense of \$28,771. Applying the current "FICA" rate of 7.65 percent to the pro forma salaries, Big Sandy District proposes to reduce payroll tax expense by \$4,632, a proposal which Staff recommends the Commission accept.

APPENDIX C  
STAFF REPORT CASE NO. 2012-00152  
STAFF'S COST-OF-SERVICE STUDY

BIG SANDY WATER DISTRICT

WATER PURCHASED AND SOLD

Total Produced	381,312,693	
Fire Department and Sewer	245,000	0.0006
System Use	1,232,000	0.0031
Line Loss	101,767,193	0.2533
Bulk Sales	-	0.0000
Retail Sales	288,464,000	0.7179
Wholesale Sales	10,114,500	0.0252
Total	401,822,693	1.00

Note: Information was derived from Annual Report & Staff Billing Analysis

BIG SANDY WATER DISTRICT  
INCH MILE RATIO

Size	Total System			Jointly Used		
	Feet	Miles	Inch Miles	Feet	Miles	Inch Miles
12		2.09	25.08	-	2.09	25.08
8		27.58	220.64	-	6.50	52.00
6		118.20	709.20	-	-	0.00
4		71.20	284.80	-	-	0.00
3		189.00	567.00	-	-	0.00
2		9.50	19.00	-	-	0.00
1		2.20	2.20	-	-	0.00
3/4"		3.75	2.81	-	-	0.00
Total	-	423.52	1830.73	-	-	77.08
Inch Mile Ratio		0.0421				

BIG SANDY WATER DISTRICT

WHOLESALE ALLOCATION FACTORS

		Factor
Line Loss Percentage *		0.1500
Plant Use Percentage		0.0031
Allowable Line Loss & Plant Use	$0.1500 + 0.0032$	0.1531
Production Multiplier	$1/1-0.0032$	1.0031
Inch Mile Ratio	$77.08 / 1830.73$	0.0421
Wholesale Share of Line Loss	$0.0421 \times 0.1500$	0.0063
Joint Share Line Loss / Plant Use	$0.0063 + 0.0032$	0.0094
Wholesale Production Multiplier	$1/1-0.0095$	1.0095
Production Allocation Factor	$10,114,500/298,578,500 \times (1.0096/1.0032)$	0.0341
Pipeline Transmission Factor	$10,114,500/298,578,500 \times 0.0421$	0.0014
Use Factor	$10,114,500/298,578,500$	0.0339

\*Note: Big Sandy's line loss is being held to the amount allowable by the PSC



BIG SANDY WATER DISTRICT

WHOLESALE ALLOCATION FACTORS

			Factor
Line Loss Percentage		Amount Allowable by PSC	0.1500
Plant Use Percentage			0.0031
Allowable Line Loss & Plant Use	$0.1500 + 0.0032$	= Line Loss % + Plant Use %	0.1531
Production Multiplier	$1/1-0.0032$	= $1/(1 - \text{Plant Use \%})$	1.0031
Inch Mile Ratio	$77.08 / 1830.73$	= Total Jointly Used Inch Miles / Total Inch Miles	0.0421
Wholesale Share of Line Loss	$0.0421 * 0.1500$	= Inch Mile Ratio X Line Loss %	0.0063
Joint Share Line Loss / Plant Use	$0.0063 + 0.0032$	= Wholesale Share of Line Loss + Plant Use %	0.0094
Wholesale Production Multiplier	$1/1-0.0095$	= $1/1 - \text{Joint Share Line Loss / Plant Use}$	1.0095
Production Allocation Factor	$10,114,500/298,578,500 * (1.0095/1.0032)$	= $(\text{Sales to Wholesale customers} / \text{Total Water Sold}) * (\text{Wholesale Production Multiplier} / \text{Production Multiplier})$	0.0341
Pipeline Transmission Factor	$10,114,500/298,578,500 * 0.0421$	= $(\text{Sales to Wholesale customers} / \text{Total Water Sold}) * \text{Inch Mile Ratio}$	0.0014
Use Factor	$10,114,500/298,578,500$	= Sales to Wholesale Customers / Total Water Sold	0.0339

BIG SANDY WATER DISTRICT  
ALLOCATION OF EXPENSES

Expense	Total	Pumping and Treatment	Transmission and Distribution	Customer
Purchased Power *	\$ 57,183	\$ 57,183		
Purchased Water *	955,136	955,136		
Employee Salaries	315,551	87,382	59,516	168,654
Employee Pension & Benefits	148,990	48,367	28,210	72,413
Materials & Supplies (Meters)	78,132			78,132
Advertising	190			190
Bad Debts Expense	8,680			8,680
Contractual Services - Other	23,490			23,490
Contractual Services - Water Testing *	4,978	4,978		
Subtotal Less Commodity*	\$ 575,033	\$ 135,749	\$ 87,726	\$ 351,558
Percentage		0.2361	0.1526	0.6114
<i>Administrative and General</i>				
Commissioners Salaries	30,000	7,082	4,577	18,341
Contractual Services - Accounting	4,620	1,091	705	2,825
Contractual Services - Legal	4,188	989	639	2,560
Insurance	13,704	3,235	2,091	8,378
Miscellaneous	52,568	12,410	8,020	32,139
Transportation Expense	26,673	6,297	4,069	16,307
Payroll Taxes	24,139	5,699	3,683	14,758
Subtotal	\$ 1,748,222	\$ 1,189,848	\$ 111,508	\$ 446,866
Depreciation	\$ 392,807	\$ 92,731	\$ 59,926	\$ 240,151
Debt Service plus Coverage	\$ 414,855	\$ 97,935	\$ 63,289	\$ 253,630
Total Expenses	\$ 2,555,884	\$ 1,380,514	\$ 234,723	\$ 940,648

\*Commodity Costs designated by (\*)

BIG SANDY WATER DISTRICT

WHOLESALE RATE

Expense	Total	Allocation Factor	Amount to Wholesale	Rate to Wholesale
Commodity				
Purchased Power & Water	\$1,012,319	0.0339	\$ 34,293	3.3905
Water Testing	\$ 4,978	0.0339	\$ 169	0.0167
Operation and Maintenance				
Pumping and Treatment	172,551	0.0341	5,883	0.5816
Transmission and Distribution	111,508	0.0014	159	0.0157
Customer	446,866			
Depreciation				
Pumping and Treatment	92,731	0.0341	3,161	0.3126
Transmission and Distribution	59,926	0.0014	85	0.0085
Customer	240,151			
Debt Service				
Pumping and Treatment	97,935	0.0341	3,339	0.3301
Transmission and Distribution	63,289	0.0014	90	0.0089
Customer	253,630			
Total Expenses	\$2,555,884		\$ 47,179	
Less: Interest Income	3,409	0.0014	\$ 5	0.0005
Less: Other Operating Revenue	71,563	0.0014	\$ 102	0.0101
Wholesale Rate	2,480,912		\$ 47,072	\$ <b>4.65</b>

# BIG SANDY WATER DISTRICT

## ALLOCATION OF PLANT VALUE

	TOTAL	COMMODITY	DEMAND	CUSTOMER
Land & Land Rights	\$25,529		\$25,529	
Distribution Reservoirs & Standpipes	1,223,301		1,223,301	
Transmission & Distribution Mains	9,077,247		9,077,247	
Hydrants	227,402			\$227,402
Structures & Improvements	121,530		121,530	
Pumping Equipment	292,308		292,308	
Meters & Meter Installations	1,171,436			1,171,436
Services	3,855,964			3,855,964
<b>SUBTOTAL</b>	<b>\$15,994,717</b>	<b>\$0</b>	<b>\$10,739,915</b>	<b>\$5,254,802</b>
<b>PERCENT</b>	<b>100.00%</b>	<b>0</b>	<b>67.15%</b>	<b>32.85%</b>
General Plant (1)				
Communication Equipment	6,014		4,038	1,976
Power Operated Equipment	74,003		49,691	24,312
Tools, Shop & Garage	60,704		40,761	19,943
Transportation Equipment	184,275		123,734	60,541
Miscellaneous	11,484		7,711	3,773
Office Furniture & Equipment	117,904		79,169	38,735
Other Tangible Plant	154,544		103,771	50,773
<b>TOTAL VALUE</b>	<b>\$16,603,645</b>	<b>\$0</b>	<b>\$11,148,790</b>	<b>\$5,454,855</b>

(1) General Plant allocated based on overall weighted allocation of all other plant.

Note: Figures used were derived from 2010 annual report

# BIG SANDY WATER DISTRICT

## ALLOCATION OF DEPRECIATION EXPENSE

	TOTAL	COMMODITY	DEMAND	CUSTOMER
Distribution Reservoirs & Standpipes	\$451,488		\$451,488	
Transmission & Distribution Mains	2,634,802		2,634,802	
Hydrants	20,109			\$20,109
Structures & Improvements	114,459		114,459	
Pumping Equipment	105,120		105,120	
Meters & Meter Installations	571,668			571,668
Services	1,053,715			1,053,715
<b>SUBTOTAL</b>	<b>\$4,951,361</b>	<b>\$0</b>	<b>\$3,305,869</b>	<b>\$1,645,492</b>
<b>PERCENT</b>	<b>100.00%</b>	<b>0</b>	<b>66.77%</b>	<b>33.23%</b>
General Plant (1)				
Power Operated Equipment	74,003		49,409	24,594
Tools, Shop & Garage	60,703		40,529	20,174
Transportation Equipment	137,279		91,657	45,622
Miscellaneous	11,484		7,668	3,816
Communication Equipment	6,014		4,015	1,999
Office Furniture & Equipment	114,617		76,526	38,091
Other Tangible Plant	154,543		103,184	51,359
<b>TOTAL DEPRECIATION</b>	<b>\$5,510,004</b>	<b>\$0</b>	<b>\$3,678,857</b>	<b>\$1,831,147</b>

Note: Figures were derived from 2010 annual report

# BIG SANDY WATER DISTRICT

## ALLOCATION OF OPERATION AND MAINTENANCE EXPENSE

	TOTAL	COMMODITY	DEMAND	CUSTOMER
Purchased Power *	\$55,246	\$55,246		
Purchased Water *	922,780	922,780		
Employee Salaries	312,487		\$143,833	\$168,654
Employee Pension & Benefits	147,301		74,888	72,413
Materials & Supplies (Meters)	78,132			78,132
Advertising	190			190
Bad Debt	8,680			8,680
Contractual Services - Other	23,490			23,490
Contractual Services - Water Testing *	4,809	4,809		
<b>SUBTOTAL</b>	<b>\$1,553,116</b>	<b>\$982,836</b>	<b>\$218,722</b>	<b>\$351,558</b>
<b>LESS COMMODITY</b>	<b>-\$982,836</b>			
<b>SUBTOTAL</b>	<b>\$570,280</b>		<b>\$218,722</b>	<b>\$351,558</b>
<b>PERCENT</b>	<b>100.00%</b>		<b>38.35%</b>	<b>61.65%</b>
Commissioner Fees	29,752		11,411	18,341
Contractual Services - Accounting	4,582		1,757	2,825
Contractual Services - Legal	4,153		1,593	2,560
Insurance	13,591		5,213	8,378
Miscellaneous Expense	52,133		19,995	32,139
Transportation	26,453		10,145	16,307
Payroll Taxes	23,939		9,182	14,758
<b>TOTAL</b>	<b>\$1,707,720</b>	<b>\$982,836</b>	<b>\$278,017</b>	<b>\$446,866</b>

# BIG SANDY WATER DISTRICT

## SUMMARY OF ALLOCATIONS

	TOTAL	COMMODITY	DEMAND	CUSTOMER
Plant Percentages	100.00%		67.15%	32.85%
Available For Debt Service	\$411,426		\$276,259	\$135,167
Depreciation Percentages	100.00%		66.77%	33.23%
Total Depreciation	389,560		260,097	129,463
Total Operation & Maintenance	1,707,720	982,836	278,017	446,866
<b>REVENUE REQUIREMENT</b>	<b>\$2,508,706</b>			
<i>Less: Other Operating Revenue</i>				-71,461
<i>Less: Interest Income</i>				-3,404
<b>COST TO PROVIDE WATER SERVICE</b>	<b>\$2,433,840</b>	<b>\$982,836</b>	<b>\$814,373</b>	<b>\$636,632</b>
<b>REVENUE REQUIRED FROM RATES</b>	<b>\$2,433,840</b>			

# BIG SANDY WATER DISTRICT

## CALCULATION OF WATER RATES

	TOTAL	FIRST 2,000	NEXT 8,000	NEXT 20,000	NEXT 20,000	OVER 50,000
FROM BILLING ANALYSIS:						
COMMODITY PERCENTS	100.00%	31.80%	36.19%	4.50%	0.96%	26.55%
<b>ACTUAL COMMODITY SALES</b>	<b>288,464,000</b>	<b>91,736,700</b>	<b>104,401,700</b>	<b>12,981,600</b>	<b>2,768,300</b>	<b>76,575,700</b>
PEAK DEMAND WEIGHTED FACTOR		2	1.75	1.5	1.25	1
PEAK DEMAND WEIGHTED SALES	465,684,850	183,473,400	182,702,975	19,472,400	3,460,375	76,575,700
<b>DEMAND PERCENTS</b>	<b>100.00%</b>	<b>39.40%</b>	<b>39.23%</b>	<b>4.18%</b>	<b>0.74%</b>	<b>16.44%</b>
COMMODITY COSTS	\$982,836	\$312,559	\$355,711	\$44,230	\$9,432	\$260,904
DEMAND COSTS	\$814,373	\$320,852	\$319,504	\$34,053	\$6,051	\$133,913
CUSTOMER COSTS	\$636,632	\$636,632				
<b>TOTAL COSTS</b>	<b>\$2,433,840</b>	<b>\$1,270,043</b>	<b>\$675,215</b>	<b>\$78,283</b>	<b>\$15,483</b>	<b>\$394,817</b>
DIVIDE BY BILLS/GALLONS		53,686	104,401,700	12,981,600	2,768,300	76,575,700
<b>CALCULATED RATES</b>		<b>\$23.66</b>	<b>\$6.47</b>	<b>\$6.03</b>	<b>\$5.59</b>	<b>\$5.16</b>
		FIRST 2,000	NEXT 8,000	NEXT 20,000	NEXT 20,000	OVER 50,000
<b>RECOMMENDED RATES</b>		<b>\$23.41</b>	<b>\$6.15</b>	<b>\$5.67</b>	<b>\$5.25</b>	<b>\$5.02</b>
		FIRST 2,000	NEXT 8,000	NEXT 20,000	NEXT 20,000	OVER 50,000



**Big Sandy Water District  
Verification of Rates**

Meter Size	Gallons Sold	Revenue
5/8 inch	207,604,200	1,956,774.44
1 inch	2,177,800	17,300.97
1.5 inch	110,500	2,232.12
2 inch	112,500	13,968.48
3 inch	9,043,700	62,807.11
4 inch	69,415,300	380,848.36
Cannonsburg	2,841,500	13,212.98
Overland	7,273,000	33,819.45
Totals	298,578,500	\$2,480,963.91

APPENDIX D  
 STAFF REPORT CASE NO. 2012-00152  
 STAFF'S RECOMMENDED RATES

Monthly Water Rates

5/8" X 3/4" Meter

First	2,000 Gallons	\$23.41	Minimum Bill
Next	8,000 Gallons	6.15	per 1,000 Gallons
Next	20,000 Gallons	5.67	per 1,000 Gallons
Next	20,000 Gallons	5.25	per 1,000 Gallons
Over	50,000 Gallons	5.02	per 1,000 Gallons

1" Meter

First	10,000 Gallons	\$72.61	Minimum Bill
Next	20,000 Gallons	5.67	per 1,000 Gallons
Next	20,000 Gallons	5.25	per 1,000 Gallons
Over	50,000 Gallons	5.02	per 1,000 Gallons

1 1/2" Meter

First	30,000 Gallons	\$186.01	Minimum Bill
Next	20,000 Gallons	5.25	per 1,000 Gallons
Over	50,000 Gallons	5.02	per 1,000 Gallons

2" Meter

First	50,000 Gallons	\$291.01	Minimum Bill
Over	50,000 Gallons	5.02	per 1,000 Gallons

3" Meter

First	100,000 Gallons	\$542.01	Minimum Bill
Over	100,000 Gallons	5.02	per 1,000 Gallons

4" Meter

First	200,000 Gallons	\$1,044.01	Minimum Bill
Over	200,000 Gallons	5.02	per 1,000 Gallons

Wholesale Customer

Overland Development	\$4.65	Per 1,000 Gallons
Cannonsburg Water District	4.65	Per 1,000 Gallons

**BIG SANDY WATER DISTRICT**

**Response to Commission Staff's First Request for Information  
Case No. 2022-00044**

Question No. 8

Responding Witness: Jessica Sexton

**Q-8. Provide the number of new tap-ons installed by meter size for the calendar year 2021.**

A-8. Big Sandy Water District made sixty-four (64) meter connections in calendar year 2021. All involve 5/8-inch x 3/4-inch meters. Five (5) of these connections were second taps.

**BIG SANDY WATER DISTRICT**

**Response to Commission Staff's First Request for Information  
Case No. 2022-00044**

Question No. 9

Responding Witness: Jessica Sexton

**Q-9. Refer to Application, Exhibit 1, Rate Calculation Workbook, Billing Analysis.**

- a. Big Sandy District failed to provide the Wholesale Customers in this portion of the Workbook. Provide this information in the Billing Analysis format for the Wholesale Customers of Big Sandy District.**
- b. Confirm that the 4-inch meter's Usage Table and the Revenue Table are correctly reflected in the tables below. [Tables omitted.]**
- c. If this is not the correct representation of the 4-inch usage and revenue, explain why this is not the proper calculation.**
- d. Provide any calculations that provide the appropriate usage and revenue calculations as provided by the examples of the ARF Billing Analysis example.**

- A.-9.
- a. See Attachment 9. During the test period, Big Sandy Water District sold 15,900 gallons to Cannonsburg Water District. These sales occurred in one month. The sales were made through a 3-inch meter and were originally reflected in the billing analysis for the 3-inch meter rate schedule.
  - b. Confirmed. Big Sandy Water District acknowledges the error and further acknowledges a similar error in its calculation of revenue from sales made through 3-inch meters. A revised Exhibit E and a revised 01-RateCalculationWorkbook were filed with the Public Service Commission on May 23, 2022 that reflect these corrections. A copy of the revised Exhibit E is attached as Attachment 9 to this response. A copy of revised "01\_RateCalculationWorksheet" (labelled 01\_RateCalculationWorksheet\_Revised) is embedded in this Response and is also filed separately with the Response.
  - c. Not applicable.
  - d. See Attachment 9 and 01\_RateCalculationWorksheet\_Revised.

# **ATTACHMENT 9**

**REVISED USAGE TABLE**  
**Test Period from January 1, 2020 to December 31, 2020**

5/8-Inch x 3/4-Inch							
	<b>Bills</b>	<b>Gallons</b>	<b>First 1,000</b>	<b>Next 9,000</b>	<b>Next 10,000</b>	<b>Next 20,000</b>	<b>Over 40,000</b>
First 1,000 Gallons (Minimum Bill)	10,640	4,058,600	4,058,600				
Next 9,000 Gallons	44,969	158,497,700	44,969,000	113,528,700			
Next 10,000 Gallons	1,605	21,139,400	1,605,000	14,445,000	5,089,400		
Next 20,000 Gallons	262	6,862,500	262,000	2,358,000	2,620,000	1,622,500	
Over 40,000 Gallons	73	4,908,600	73,000	657,000	730,000	1,460,000	1,988,600
<b>Total</b>	<b>57,549</b>	<b>195,466,800</b>	<b>50,967,600</b>	<b>130,988,700</b>	<b>8,439,400</b>	<b>3,082,500</b>	<b>1,988,600</b>

1-Inch						
	<b>Bills</b>	<b>Gallons</b>	<b>First 10,000</b>	<b>Next 10,000</b>	<b>Next 20,000</b>	<b>Over 40,000</b>
First 10,000 Gallons (Minimum Bill)	116	258,700	258,700			
Next 10,000 Gallons	23	325,700	230,000	95,700		
Next 20,000 Gallons	15	361,500	150,000	150,000	61,500	
Over 40,000 Gallons	3	207,500	30,000	30,000	60,000	87,500
<b>Total</b>	<b>157</b>	<b>1,153,400</b>	<b>668,700</b>	<b>275,700</b>	<b>121,500</b>	<b>87,500</b>

1 1/2-Inch						
	<b>Bills</b>	<b>Gallons</b>	<b>First 20,000</b>	<b>Next 20,000</b>	<b>Over 40,000</b>	
First 20,000 Gallons (Minimum Bill)	10	10,000	10,000			
Next 20,000 Gallons	1	32,000	20,000	12,000		
Over 40,000 Gallons						
<b>Total</b>	<b>11</b>	<b>42,000</b>	<b>30,000</b>	<b>12,000</b>		

<b>2-Inch</b>				
	<b>Bills</b>	<b>Gallons</b>	<b>First 40,000</b>	<b>Over 40,000</b>
First 40,000 Gallons (Minimum Bill)	24	100,700	100,700	
Over 40,000 Gallons	1	364,300	40,000	324,300
<b>Total</b>	<b>25</b>	<b>465,000</b>	<b>140,700</b>	<b>324,300</b>

<b>3-Inch</b>				
	<b>Bills</b>	<b>Gallons</b>	<b>First 100,000</b>	<b>Over 100,000</b>
First 100,000 Gallons (Minimum Bill)	29	780,100	780,100	
Over 100,000 Gallons	18	4,769,300	1,800,000	2,969,300
<b>Total</b>	<b>47</b>	<b>5,565,300</b>	<b>2,580,100</b>	<b>2,969,300</b>

<b>4-Inch</b>				
	<b>Bills</b>	<b>Gallons</b>	<b>First 200,000</b>	<b>Over 200,000</b>
First 200,000 Gallons (Minimum Bill)	29	3,104,400	3,104,400	
Over 200,000 Gallons	19	22,939,200	3,800,000	19,139,200
<b>Total</b>	<b>48</b>	<b>26,043,600</b>	<b>6,904,400</b>	<b>19,139,200</b>

<b>Wholesale</b>			
	<b>Bills</b>	<b>Gallons</b>	<b>Gallons</b>
All Gallons	1		15,900
<b>Total</b>	<b>1</b>		<b>15,900</b>

**REVISED REVENUE TABLE  
REVENUE BY RATE INCREMENT  
Test Period from January 1, 2020 to December 31, 2020  
Current Rates**

<b>5/8-Inch x 3/4-Inch</b>				
	<b>Bills</b>	<b>Gallons</b>	<b>Rates</b>	<b>Revenue</b>
First 1,000 Gallons	57,549	50,967,600	\$ 18.25 Minimum Bill	\$1,050,269.25
Next 9,000 Gallons		130,988,700	\$ 9.40 per 1,000 gallons	\$1,231,293.78
Next 10,000 Gallons		8,439,400	\$ 6.40 per 1,000 gallons	\$ 54,012.16
Next 20,000 Gallons		3,082,500	\$ 5.95 per 1,000 gallons	\$ 18,340.88
Over 40,000 Gallons		1,988,600	\$ 5.70 per 1,000 gallons	\$ 11,335.02
<b>Total</b>		<b>195,466,800</b>		<b>\$2,365,251.09</b>
<b>1-Inch</b>				
	<b>Bills</b>	<b>Gallons</b>	<b>Rates</b>	<b>Revenue</b>
First 10,000 Gallons	157	668,700	\$ 102.85 Minimum Bill	\$ 16,147.45
Next 20,000 Gallons		275,700	\$ 6.40 per 1,000 gallons	\$ 1,764.48
Next 20,000 Gallons		121,500	\$ 5.95 per 1,000 gallons	\$ 722.93
Over 40,000 Gallons		87,500	\$ 5.70 per 1,000 gallons	\$ 498.75
<b>Total</b>	<b>72</b>	<b>1,153,400</b>		<b>\$ 19,133.61</b>
<b>1 1/2-Inch</b>				
	<b>Bills</b>	<b>Gallons</b>	<b>Rates</b>	<b>Revenue</b>
First 20,000 gallons	11	30,000	\$ 166.85 Minimum Bill	\$ 1,835.35
Next 20,000 Gallons		12,000	\$ 5.95 per 1,000 gallons	\$ 71.40
Over 40,000 Gallons			\$ 5.70 per 1,000 gallons	
<b>Total</b>		<b>42,000</b>		<b>\$ 1,906.75</b>
<b>2-Inch</b>				
	<b>Bills</b>	<b>Gallons</b>	<b>Rates</b>	<b>Revenue</b>
First 40,000 gallons	25	140,700	\$ 285.85 Minimum Bill	\$ 7,146.25
Over 40,000 gallons		324,300	\$ 5.70 per 1,000 gallons	\$ 1,848.51
<b>Total</b>		<b>465,000</b>		<b>\$ 8,994.76</b>
<b>3-Inch</b>				
	<b>Bills</b>	<b>Gallons</b>	<b>Rates</b>	<b>Revenue</b>
First 100,000 gallons	47	2,580,100	\$ 627.85 Minimum Bill	\$ 29,508.95
Over 100,000 gallons		2,969,300	\$ 5.70 per 1,000 gallons	\$ 27,185.01
<b>Total</b>		<b>5,549,400</b>		<b>\$ 46,433.96</b>
<b>4-Inch</b>				
	<b>Bills</b>	<b>Gallons</b>	<b>Rates</b>	<b>Revenue</b>
First 200,000 gallons	48	6,904,400	\$ 1,197.85 Minimum Bill	\$ 57,496.80
Over 200,000 gallons		19,139,200	\$ 5.70 per 1,000 gallons	\$ 109,093.44
<b>Total</b>		<b>26,043,600</b>		<b>\$ 166,590.24</b>
<b>Wholesale</b>				
	<b>Bills</b>	<b>Gallons</b>	<b>Rates</b>	<b>Revenue</b>
All gallons	1	15,900	\$ 5.70 per 1,000 gallons	\$ 90.63
<b>Total:</b>	<b>57,838</b>	<b>228,736,100</b>		<b>\$ 2,608,401.03</b>



**REVISED REVENUE TABLE  
REVENUE BY RATE INCREMENT  
Test Period from January 1, 2020 to December 31, 2020  
Proposed Rates**

<b>5/8-Inch x 3/4-Inch</b>				
	<b>Bills</b>	<b>Gallons</b>	<b>Rates</b>	<b>Revenue</b>
First 1,000 Gallons	57,549	50,967,600	\$ 19.45 Minimum Bill	\$1,119,411.87
Next 9,000 Gallons		130,988,700	\$ 10.02 per 1,000 gallons	\$1,312,353.83
Next 10,000 Gallons		8,439,400	\$ 6.82 per 1,000 gallons	\$ 57,567.96
Next 20,000 Gallons		3,082,500	\$ 6.34 per 1,000 gallons	\$ 19,548.31
Over 40,000 Gallons		1,988,600	\$ 6.08 per 1,000 gallons	\$ 12,081.24
<b>Total</b>		<b>195,466,800</b>		<b>\$2,520,963.21</b>
<b>1-Inch</b>				
	<b>Bills</b>	<b>Gallons</b>	<b>Rates</b>	<b>Revenue</b>
First 10,000 Gallons	157	668,700	\$ 109.62 Minimum Bill	\$ 17,210.49
Next 20,000 Gallons		275,700	\$ 6.82 per 1,000 gallons	\$ 1,880.64
Next 20,000 Gallons		121,500	\$ 6.34 per 1,000 gallons	\$ 770.52
Over 40,000 Gallons		87,500	\$ 6.08 per 1,000 gallons	\$ 531.58
<b>Total</b>	<b>72</b>	<b>1,153,400</b>		<b>\$ 20,393.23</b>
<b>1 1/2-Inch</b>				
	<b>Bills</b>	<b>Gallons</b>	<b>Rates</b>	<b>Revenue</b>
First 20,000 gallons	11	30,000	\$ 177.83 Minimum Bill	\$ 1,956.18
Next 20,000 Gallons		12,000	\$ 6.34 per 1,000 gallons	\$ 76.10
Over 40,000 Gallons			\$ 6.08 per 1,000 gallons	
<b>Total</b>		<b>42,000</b>		<b>\$ 2,032.28</b>
<b>2-Inch</b>				
	<b>Bills</b>	<b>Gallons</b>	<b>Rates</b>	<b>Revenue</b>
First 40,000 gallons	25	140,700	\$ 304.67 Minimum Bill	\$ 7,616.71
Over 40,000 gallons		324,300	\$ 6.08 per 1,000 gallons	\$ 1,970.20
<b>Total</b>		<b>465,000</b>		<b>\$ 9,586.91</b>
<b>3-Inch</b>				
	<b>Bills</b>	<b>Gallons</b>	<b>Rates</b>	<b>Revenue</b>
First 100,000 gallons	47	2,580,100	\$ 669.18 Minimum Bill	\$ 31,451.46
Over 100,000 gallons		2,969,300	\$ 6.08 per 1,000 gallons	\$ 18,039.24
<b>Total</b>		<b>5,549,400</b>		<b>\$ 49,490.86</b>
<b>4-Inch</b>				
	<b>Bills</b>	<b>Gallons</b>	<b>Rates</b>	<b>Revenue</b>
First 200,000 gallons	48	6,904,400	\$ 1,276.71 Minimum Bill	\$ 61,282.00
Over 200,000 gallons		19,139,200	\$ 6.08 per 1,000 gallons	\$ 116,275.41
<b>Total</b>		<b>26,043,600</b>		<b>\$ 177,577.41</b>
<b>Wholesale</b>				
	<b>Bills</b>	<b>Gallons</b>	<b>Rates</b>	<b>Revenue</b>
All gallons	1	15,900	\$ 6.08 per 1,000 gallons	\$ 96.60
<b>Total:</b>	<b>57,838</b>	<b>228,736,100</b>		<b>\$ 2,780,120.50</b>

**BIG SANDY WATER DISTRICT**

**Response to Commission Staff's First Request for Information  
Case No. 2022-00044**

Question No. 10

Responding Witness: Jessica Sexton

**Q-10. Provide updated cost justification sheets for all nonrecurring charges listed in Big Sandy District's tariff.**

A-10. See Attachment 10 to this Response.

# **ATTACHMENT 10**

### NONRECURRING CHARGE COST JUSTIFICATION

Type of Charge: Connection/Turn on Charge

1. Field Expense:

A. Materials (Itemize)

<u>Locking Pin</u>	<u>\$ 3.50</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

B. Labor (Time and Wage)

<u>45min</u>	<u>\$ 21.77</u>
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<b>Total Field Expense</b>	<b><u>\$ 25.27</u></b>
----------------------------	------------------------

2. Clerical and Office Expense

A. Supplies	\$ <u> </u>
-------------	-------------

B. Labor (10 min. @ \$28.36/hr)	<u>\$4.73</u>
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<b>Total Clerical and Office Expense</b>	<b><u>\$4.73</u></b>
------------------------------------------	----------------------

3. Miscellaneous Expense

A. Transportation 33 miles @ .58/mi	<u>\$19.14</u>
-------------------------------------	----------------

B. Other (Itemize)	
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

<b>Total Miscellaneous Expense</b>	<b><u>\$19.14</u></b>
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<b>Total Nonrecurring Charge Expense</b>	<b><u>\$ 49.14</u></b>
------------------------------------------	------------------------



### NONRECURRING CHARGE COST JUSTIFICATION

Type of Charge: Field Collection

1. Field Expense:

A. Materials (Itemize)

<hr/>	\$ <hr/>
<hr/>	<hr/>
<hr/>	<hr/>

B. Labor (Time and Wage)

<u>45min @ \$ 29.03/hr</u>	<u>\$ 21.77</u>
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<b>Total Field Expense</b>	<b>\$ <hr/></b>
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2. Clerical and Office Expense

A. Supplies	\$ <hr/>
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B. Labor	<hr/>
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<b>Total Clerical and Office Expense</b>	<b>\$ <hr/></b>
------------------------------------------	-----------------

3. Miscellaneous Expense

A. Transportation ( 33 miles @ .58/mi	\$ <u>19.14</u>
---------------------------------------	-----------------

B. Other (Itemize)	<hr/>
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<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>

<b>Total Miscellaneous Expense</b>	<b>\$ <hr/></b>
------------------------------------	-----------------

<b>Total Nonrecurring Charge Expense</b>	<b>\$ <u>40.91</u></b>
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**NONRECURRING CHARGE COST JUSTIFICATION**

Type of Charge: Late Payment Fee

1. Field Expense:

A. Materials (Itemize)

_____	\$ _____
_____	_____
_____	_____

B. Labor (Time and Wage)

_____	_____
-------	-------

**Total Field Expense** \$ \_\_\_\_\_

2. Clerical and Office Expense

A. Supplies

\$ \_\_\_\_\_

B. Labor

\_\_\_\_\_

**Total Clerical and Office Expense** \$ \_\_\_\_\_

3. Miscellaneous Expense

A. Transportation

\$ \_\_\_\_\_

B. Other (Itemize)

_____	_____
_____	_____
_____	_____

**Total Miscellaneous Expense** \$ \_\_\_\_\_

**Total Nonrecurring Charge Expense** \$ 10%

Allowed by KRS 278.0154

**NONRECURRING CHARGE COST JUSTIFICATION**

Type of Charge: Meter Relocation Charge

1. Field Expense:

A. Materials (Itemize)

_____	\$ _____
_____	_____
_____	_____

B. Labor (Time and Wage)

_____	_____
-------	-------

**Total Field Expense** \$ \_\_\_\_\_

2. Clerical and Office Expense

A. Supplies

\$ \_\_\_\_\_

B. Labor

\_\_\_\_\_

**Total Clerical and Office Expense** \$ \_\_\_\_\_

3. Miscellaneous Expense

A. Transportation

\$ \_\_\_\_\_

B. Other (Itemize)

_____	_____
_____	_____
_____	_____

**Total Miscellaneous Expense** \$ \_\_\_\_\_

**Total Nonrecurring Charge Expense** \$ Actual Cost



**NONRECURRING CHARGE COST JUSTIFICATION**Type of Charge: Damage to Lid or Meter Equipment

## 1. Field Expense:

## A. Materials (Itemize)

_____	\$ _____
_____	_____
_____	_____

## B. Labor (Time and Wage)

_____	_____
-------	-------

**Total Field Expense**

\$ _____
----------

## 2. Clerical and Office Expense

## A. Supplies

\$ _____
----------

## B. Labor

_____
-------

**Total Clerical and Office Expense**

\$ _____
----------

## 3. Miscellaneous Expense

## A. Transportation

\$ _____
----------

## B. Other (Itemize)

_____	_____
_____	_____
_____	_____

**Total Miscellaneous Expense**

\$ _____
----------

**Total Nonrecurring Charge Expense**

\$ <u>Actual Cost</u>
-----------------------





### NONRECURRING CHARGE COST JUSTIFICATION

Type of Charge: Reconnect Charge

1. Field Expense:

A. Materials (Itemize)

	\$ <u>          </u>

B. Labor (Time and Wage)

45min @ \$ 29.03/hr	21.77

<b>Total Field Expense</b>	<b>\$ 21.77</b>
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2. Clerical and Office Expense

A. Supplies	\$ <u>          </u>
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B. Labor 10 min @ \$ 28.36	\$ 4.73
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<b>Total Clerical and Office Expense</b>	<b>\$ 4.73</b>
------------------------------------------	----------------

3. Miscellaneous Expense

A. Transportation ( 33 miles @ .58/mi	\$ 19.14
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B. Other (Itemize)	

<b>Total Miscellaneous Expense</b>	<b>\$ 19.14</b>
------------------------------------	-----------------

<b>Total Nonrecurring Charge Expense</b>	<b>\$ 45.64</b>
------------------------------------------	-----------------

### NONRECURRING CHARGE COST JUSTIFICATION

Type of Charge: Reconnect Charge After Hours

1. Field Expense:

A. Materials (Itemize)

	\$ <u>          </u>
	<u>          </u>
	<u>          </u>

B. Labor (Time and Wage)

75 min @ \$36.32/hr	\$ <u>45.40</u>
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<b>Total Field Expense</b>	<b>\$ <u>45.40</u></b>
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2. Clerical and Office Expense

A. Supplies	\$ <u>          </u>
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B. Labor 10 min @ \$ 28.36	\$ <u>4.73</u>
----------------------------	----------------

<b>Total Clerical and Office Expense</b>	<b>\$ <u>4.73</u></b>
------------------------------------------	-----------------------

3. Miscellaneous Expense

A. Transportation (33 miles @ .58/mi)	\$ <u>19.14</u>
---------------------------------------	-----------------

B. Other (Itemize)	
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<b>Total Miscellaneous Expense</b>	<b>\$ <u>19.14</u></b>
------------------------------------	------------------------

<b>Total Nonrecurring Charge Expense</b>	<b>\$ <u>69.27</u></b>
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**NONRECURRING CHARGE COST JUSTIFICATION**

Type of Charge: Returned Check Charge

1. Field Expense:

A. Materials (Itemize)		\$	_____
	_____		_____
	_____		_____
	_____		_____
<b>Total Field Expense</b>		<b>\$</b>	<b>_____</b>

2. Clerical and Office Expense

A. Supplies		\$	<u>12.67</u>
B. Labor 20 min at \$22.00/hr		\$	<u>7.33</u>
<b>Total Clerical and Office Expense</b>		<b>\$</b>	<b><u>20.00</u></b>

3. Miscellaneous Expense

A. Transportation		\$	_____
B. Other (Itemize)			_____
	_____		_____
	_____		_____
<b>Total Miscellaneous Expense</b>		<b>\$</b>	<b>_____</b>

**Total Nonrecurring Charge Expense**                      **\$ 20.00**

**NONRECURRING CHARGE COST JUSTIFICATION**

Type of Charge: Service Call/Investigation

1. Field Expense:

A. Materials (Itemize)		\$ _____
	_____	_____
	_____	_____
B. Labor (Time and Wage)		
45min @ \$ 29.03/hr		\$ <u>21.77</u>
	_____	_____
<b>Total Field Expense</b>		\$ <u>21.77</u>

2. Clerical and Office Expense

A. Supplies		\$ _____
B. Labor		_____
<b>Total Clerical and Office Expense</b>		\$ _____

3. Miscellaneous Expense

A. Transportation (33 miles @ .58/mi)		\$ <u>19.14</u>
B. Other (Itemize)		_____
	_____	_____
	_____	_____
<b>Total Miscellaneous Expense</b>		\$ <u>19.14</u>

**Total Nonrecurring Charge Expense**                      \$ 40.91

### NONRECURRING CHARGE COST JUSTIFICATION

Type of Charge: Service Call/Investigation After Hours

1. Field Expense:

A. Materials (Itemize)

	\$ <u>          </u>
	<u>          </u>
	<u>          </u>

B. Labor (Time and Wage)

75 min @ \$36.32/hr	\$ <u>45.40</u>
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<b>Total Field Expense</b>	<b>\$ <u>45.40</u></b>
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2. Clerical and Office Expense

A. Supplies	\$ <u>          </u>
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B. Labor	<u>          </u>
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<b>Total Clerical and Office Expense</b>	<b>\$ <u>          </u></b>
------------------------------------------	-----------------------------

3. Miscellaneous Expense

A. Transportation	\$ <u>19.14</u>
33 miles @ .58/mi	

B. Other (Itemize)	
--------------------	--


<b>Total Miscellaneous Expense</b>	<b>\$ <u>          </u></b>
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<b>Total Nonrecurring Charge Expense</b>	<b>\$ <u>64.54</u></b>
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**NONRECURRING CHARGE COST JUSTIFICATION**

Type of Charge: Service Line Inspection

1. Field Expense:

A.	Materials (Itemize)	
	_____	\$ _____
	_____	_____
	_____	_____
B.	Labor (Time and Wage)	
	50 min @ 29.03/hr.	
	_____	\$ <u>24.19</u>
	<b>Total Field Expense</b>	\$ <u>24.19</u>

2. Clerical and Office Expense

A.	Supplies 10 min @ \$ 28.36	\$ _____
B.	Labor	<u>4.73</u>
	<b>Total Clerical and Office Expense</b>	\$ <u>4.73</u>

3. Miscellaneous Expense

A.	Transportation	\$ <u>19.14</u>
	33 miles @ .58/mi	
B.	Other (Itemize)	
	_____	_____
	_____	_____
	_____	_____
	<b>Total Miscellaneous Expense</b>	\$ <u>19.14</u>

**Total Nonrecurring Charge Expense**                      \$ 48.06