



# PHILADELPHIA INSURANCE COMPANIES

A Member of the Tokio Marine Group

One Bala Plaza, Suite 100, Bala Cynwyd, Pennsylvania 19004  
610.617.7900 • Fax 610.617.7940 • [PHLY.com](http://PHLY.com)

03/04/2021

Bronston Water Association  
PO Box 243  
Bronston, KY 42518-0243

Tg<'PHPK2234684

Dear Valued Customer:

Thank you very much for choosing Philadelphia Indemnity Insurance Company for your insurance needs. Our first class customer service, national presence and A++ (Superior) A. M. Best financial strength rating have made us the selection by over 550,000 policyholders nationwide. I realize you have a choice in insurance companies and truly appreciate your business.

I wish you much success this year and look forward to building a mutually beneficial business partnership which will prosper for years to come. Welcome to PHL Y and please visit [PHLY.com](http://PHLY.com) to learn more about our Company!

Sincerely,

John W. Glomb, Jr.  
President & Chief Underwriting Officer  
Philadelphia Insurance Companies

JWG/sm



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## **Philadelphia Indemnity Insurance Company**

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# **Commercial Lines Policy**

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THIS POLICY CONSISTS OF:

- DECLARATIONS
- COMMON POLICY CONDITIONS
- ONE OR MORE COVERAGE PARTS. A COVERAGE PART CONSISTS OF:
  - ONE OR MORE COVERAGE FORMS
  - APPLICABLE FORMS AND ENDORSEMENTS

**IN WITNESS WHEREOF**, we have caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless signed by our authorized representative.



John W. Glomb, Jr.  
President & Chief Underwriting Officer



Secretary

**NOTICE  
LATE FEE  
NON-SUFFICIENT FUNDS FEE  
REINSTATEMENT FEE**

**Late Fee**

Please be advised that if your payment is late (payment is not received within five days of the payment due date indicated on the invoice), you will be charged a late fee of \$25\* (where permitted).

**Non-Sufficient Funds Fee**

Please be advised that if your payment is returned for non-sufficient funds, you will be charged a fee of \$25\*\* (where permitted).

**Reinstatement Fee**

Please be advised that if your policy is cancelled due to non-payment of the premium and we agree to reinstate your policy, you will be charged a reinstatement fee of \$50\*\*\* (where permitted).

These fees are in addition to any premium owed on the policy and each fee can apply more than once during the policy term.

\*\$10 in Florida, Maryland, South Carolina

\*\*\$15 in Florida and \$20 in New York

\*\*\*\$25 in Delaware, Georgia, New Hampshire and New Mexico; and \$15 in Kansas and Nebraska

COMMON POLICY DECLARATIONS
WATER DISTRICTS INSURANCE PROGRAM

Policy No. PHPK2234684
Replacement No. PHPK2096356

NAMED INSURED AND MAILING ADDRESS:

Bronston Water Association
PO Box 243
Bronston, KY 42518-0243

AGENT NAME AND ADDRESS:

Grundy Insurance (Water District Program)
400 HORSHAM RD Suite 150
PO Box 1957
Horsham, PA 19044

(215)674-1856

AGENT NO.: 124922

POLICY PERIOD: From 02/09/2021 To 02/09/2022
at 12:01 a.m. Standard Time at your mailing address shown above.

TYPE OF DISTRICT: [X] Water District [ ] Sewer District [ ] Irrigation District
[ ] Other:

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. This premium may be subject to adjustment.

Table with 2 columns: Coverage Part and PREMIUM. Rows include Property and Inland Marine Coverage Part, Liability Coverage Part, Crime Coverage Part, Automobile Coverage Part, and Employment-Related Practices Liability Coverage Part, all with 'Included' premium.

FORMS APPLICABLE TO ALL COVERAGE PARTS:

Refer To Forms Schedule

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

COUNTERSIGNED 02/09/2021 by [Signature]
DATE AUTHORIZED REPRESENTATIVE

# Philadelphia Indemnity Insurance Company

## Form Schedule – Policy

**Policy Number:** PHPK2234684

Forms and Endorsements applying to this Coverage Part and made a part of this policy at time of issue:

Form	Edition	Description
BJP-190-1	1298	Commercial Lines Policy Jacket
PI-FEES-NOTICE 1	1119	Notice Late/Non-Sufficient Funds/Reinstatement Fee
PI-WDI-999D	1017	Common Policy Dec Water Districts Insurance Program
Location Schedule	0100	Location Schedule
Fees and Surcharge Schedule	0110	Fees and Surcharge Schedule
IL0021	0908	Nuclear Energy Liability Exclusion Endorsement
IL0953	0115	Exclusion Of Certified Acts Of Terrorism
PI-ACL-001	1218	Absolute Cyber Liability And Electronic Exclusion
PI-WDI-999	1017	Common Policy Conditions Water Districts Ins Program
PI-WDI-KY 2	1017	Kentucky Changes - Nonbinding Arbitration

# Philadelphia Indemnity Insurance Company

## Locations Schedule

**Policy Number:** PHPK2234684

Premis. No.	Bldg. No.	Address
0001	0001	2013 Highway 90 Bronston, KY 42518-8545
0002	0001	Hwy 90 Bronston, KY 42518
0002	0002	Hwy 90 Bronston, KY 42518
0003	0001	Luther Eaton Hwy 70 Bronston, KY 42518-8545
0004	0001	Aderhold Rd John Palmer Property Bronston, KY 42518-8545
0004	0002	Aderhold Rd, John Palmer Property Bronston, KY 42518-8545
0005	0001	Hwy 90 at Horizon Boat Works Bronston, KY 42518-8545
0006	0001	Hwy 790, Kidder Community Bronston, KY 42518-8545
0007	0001	Fire Hydrants Bronston, KY 42518-8545

# Philadelphia Indemnity Insurance Company

## Fees and Surcharge Schedule

Policy Number: **PHPK2234684**

Policy Term Effective Date: **02/09/2021**

Policy Term Expiration Date: **02/09/2022**

<b>Kentucky Municipal Tax</b>	<b>\$</b>	<b>489.27</b>
<b>Kentucky Surcharge</b>	<b>\$</b>	<b>242.44</b>
<b>Kentucky Collection Fee</b>	<b>\$</b>	<b>73.40</b>

**\*See Kentucky Tax Schedule For Additional Information**



## PROPERTY AND INLAND MARINE COVERAGE PART – WATER DISTRICTS SUPPLEMENTAL DECLARATIONS

**PLEASE READ THIS POLICY CAREFULLY.**

Policy Number: PHPK2234684                      Effective date: 02/09/2021  
12:01 A.M. Standard Time

### SCHEDULE OF COVERAGES AND LIMITS OF INSURANCE

<b>Policy Limit of Insurance:</b>	
Real and Personal Property (Owned)	\$ <u>Blanket Limit Per Schedule on File</u>
Mobile Equipment (Owned)	\$ <u>Per Schedule on File</u>

<b>Deductibles</b>	<b>Property</b>	\$ <u>500</u>	Per Occurrence
	<b>Inland Marine</b>	\$ <u>250</u>	Per Occurrence
		\$ _____	Per Occurrence

For the Covered Property and Coverage Extensions shown below, if a Superseding Limit of Insurance is shown, that Superseding Limit is the applicable Limit of Insurance.

Covered Property	Limits of Insurance	Superseding Limits
Aboveground Piping	\$ 100,000 Per Occurrence	\$ _____
Above and Belowground Penstock	\$ 100,000 Per Occurrence	\$ _____
Communication Equipment	\$ 100,000 Per Occurrence	\$ _____
Computer Equipment and Electronic Media	\$ 100,000 Per Occurrence	\$ _____
Fine Arts	\$ 5,000 Per Occurrence	\$ _____
Mobile Equipment (Non-owned)	\$ 100,000 Per Occurrence	\$ _____
Outdoor Property including Signs	\$ 100,000 Per Occurrence	\$ _____
Paved Surfaces	\$ 100,000 Per Occurrence	\$ _____
Property in the Course of Construction	\$ 100,000 Per Occurrence	\$ _____
Real and Personal Property (Of Others)	\$ 100,000 Per Occurrence	\$ _____
Trees, Shrubs, and Landscape Plantings	\$ 1,000 Per Occurrence No more than \$1,000 any one tree, shrub or landscape planting.	\$ _____
Underground Piping (Within 1000 feet of Premises)	\$ 100,000 Per Occurrence	\$ _____
Valuable Papers and Records	\$ 100,000 Per Occurrence	\$ _____
Coverage Extensions	Limits of Insurance	Superseding Limits
Accounts Receivable	\$ 100,000 Per Occurrence	\$ _____
Ammonia Contamination	\$ 100,000 Per Occurrence	\$ _____
Arson and Crime Reward	\$ 10,000 Per Occurrence	\$ _____
Bridges	\$ 1,000 Per Occurrence	\$ _____
Collapse	Included in Policy Limit of Insurance	
Debris Removal	\$ 25,000 Per Occurrence	\$ _____
Demolition and Increased Cost of Construction	\$ 100,000 Per Occurrence	\$ _____
Expediting Expenses	\$ 100,000 Per Occurrence	\$ _____
Extra Expense	\$ 100,000 Per Occurrence	\$ _____
Fire Department Service Charge	\$ 25,000 Per Occurrence	\$ _____
Loss of Income	\$ 100,000 Per Occurrence	\$ _____

Pollutant Clean Up and Removal	\$ 25,000	Per 12-Month Policy Period	\$ _____
Preservation of Property	\$ 100,000	Per Occurrence	\$ _____
Rental Value	\$ 100,000	Per Occurrence	\$ _____
Utility Interruption	\$ 100,000	Per Occurrence	\$ _____
Vacant Buildings	\$ 100,000	Per Occurrence	\$ _____

**Mortgage holder Name And Mailing Address:**  
Refer To Mortgagee/Loss Payee Schedule, If Applicable

**Forms And Endorsements**  
Forms and endorsements applying to this Coverage Part and made part of this policy at time of issue:  
Refer To Forms Schedule

Premium: \$ Included

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

# Philadelphia Indemnity Insurance Company

## Form Schedule – Property

**Policy Number:** PHPK2234684

Forms and Endorsements applying to this Coverage Part and made a part of this policy at time of issue:

### FORMS APPLICABLE TO ALL PREMISES AND COVERAGES

Form	Edition	Description
PI-WDI-001D	0620	Property/Inland Marine-Water Districts Supplement Dec
PI-MANU-1	0100	CP 01 40 07 06 EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA
PI-WDI-001	1017	Property/Inland Marine Cov-Water Districts Ins Program
PI-WDI-011	1017	Limited Cov - Fungus, Wet Rot, Dry Rot And Bacteria
PI-WDI-017	1017	Submersible Pumps Coverage
PI-WDI-021	1017	Equipment Breakdown Endorsement
PI-WDI-KY 1	1017	Kentucky Changes

**Philadelphia Indemnity Insurance Company**  
**One Bala Plaza, Suite 100, Bala Cynwyd, Pennsylvania 19004**  
**610.617.7900 Fax: 610.617.7940**

**COMMERCIAL LIABILITY COVERAGE PART**  
**SUPPLEMENTAL DECLARATIONS**  
**WATER DISTRICTS INSURANCE PROGRAM**

**Policy Number:** PHPK2234684

**SCHEDULE OF COVERAGES AND LIMITS OF INSURANCE**  
 Insurance is provided only for the coverages indicated by an "X"

<b>Coverage</b>	<b>Limits of Insurance</b>
<input checked="" type="checkbox"/> Bodily Injury and Property Damage	\$ 1,000,000 Per Occurrence \$ 3,000,000 Bodily Injury and Property Damage Aggregate
<input checked="" type="checkbox"/> Personal and Advertising Injury	\$ 1,000,000 Per Person or Organization \$ 3,000,000 Personal and Advertising Injury Aggregate
<input checked="" type="checkbox"/> Professional Liability Retroactive Date: 02/09/2021	\$ 1,000,000 Per Claim \$ 3,000,000 Professional Liability Aggregate
<input checked="" type="checkbox"/> Wrongful Acts Retroactive Date: 02/09/2021	\$ 1,000,000 Per Claim \$ 3,000,000 Wrongful Acts Aggregate
<input type="checkbox"/> Employee Benefits Liability Retroactive Date:	\$ Per Person \$ Employee Benefits Liability Aggregate
<input checked="" type="checkbox"/> Damage To Premises Rented To You	\$ 100,000 Any One Premises
<input checked="" type="checkbox"/> Medical Payments	\$ 10,000

**FORMS AND ENDORSEMENTS**

Forms and endorsements applying to this Coverage Part and made part of this policy at time of issue:

Refer To Forms Schedule

Premium: \$ Included

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

# Philadelphia Indemnity Insurance Company

## Form Schedule – General Liability

**Policy Number:** PHPK2234684

Forms and Endorsements applying to this Coverage Part and made a part of this policy at time of issue:

Form	Edition	Description
PI-WDI-051D	1017	Liability Cov Dec Water Districts Insurance Program
CG2173	0115	Exclusion Of Certified Acts Of Terrorism
PI-MANU-1	0100	PI-WDI-077 (09/20) Exclusion - Communicable Disease
PI-WDI-051	1017	Liability Cov Form Water Districts Insurance Program
PI-WDI-058	1017	Deductible Liability Endorsement
PI-WDI-062	1017	Exclusion - Dams
PI-WDI-075	1018	Wrongful Acts - Amended

# Philadelphia Indemnity Insurance Company

POLICY NUMBER: PHPK2234684

COMMERCIAL CRIME  
CR DS 01 07 02

## COMMERCIAL CRIME COVERAGE PART DECLARATIONS

The Commercial Crime Coverage Part consists of this Declarations Form and the Commercial Crime Coverage Form.

**EMPLOYEE BENEFIT PLAN(S) INCLUDED AS INSURED(S):**

**INSURING AGREEMENTS, LIMITS OF INSURANCE AND DEDUCTIBLES:**

<b>INSURING AGREEMENTS</b>	<b>LIMIT OF INSURANCE Per Occurrence</b>	<b>DEDUCTIBLE AMOUNT Per Occurrence</b>
1. Employee Theft		See Schedule
2. Forgery Or Alteration		See Schedule
3. Inside The Premises - Theft Of Money And Securities		See Schedule
4. Inside The Premises - Robbery Or Safe Burglary Of Other Property		Not Covered
5. Outside The Premises		See Schedule
6. Computer Fraud		See Schedule
7. Funds Transfer Fraud		Not Covered
8. Money Orders And Counterfeit Paper Currency		Not Covered

If Added by Endorsement, Insuring Agreement(s):

**IF APPLICABLE, SEE SCHEDULE ATTACHED**

If "Not Covered" is inserted above opposite any specified Insuring Agreement, such Insuring Agreement and any other reference thereto in this policy is deleted.

**ENDORSEMENTS FORMING PART OF THIS COVERAGE PART WHEN ISSUED:**

**SEE SCHEDULE ATTACHED**

**CANCELLATION OF PRIOR INSURANCE ISSUED BY US:**

By acceptance of this Coverage Part you give us notice cancelling prior policy Nos. \_\_\_\_\_ ;  
the cancellation to be effective at the time this Coverage Part becomes effective.

COUNTERSIGNED \_\_\_\_\_

(Date)

BY: \_\_\_\_\_

(Authorized Representative)

# Philadelphia Indemnity Insurance Company

## Form Schedule – Crime

**Policy Number:** PHPK2234684

Forms and Endorsements applying to this Coverage Part and made a part of this policy at time of issue:

Form	Edition	Description
CRDS01	0702	Commercial Crime Coverage Part Declarations
Crime Schedule	0204	Schedule of Insuring Agreements
CR0021	0506	Commercial Crime Coverage Form (Loss Sustained Form)
CR0253	0506	Kentucky Changes-Termination of Employee
CR2012	0702	Binding Arbitration
CR2518	0300	Add Faithful Performance of Duty Coverage

# Philadelphia Indemnity Insurance Company

POLICY NUMBER: PHPK2234684

## SCHEDULE OF INSURING AGREEMENTS

STATE	INSURING AGREEMENT(S)	LIMIT OF INSURANCE Per Occurrence	NUMBER OF PREMISES	DEDUCTIBLE Per Occurrence	PREMIUM
KY	EMPLOYEE THEFT	\$ 250,000	0002	\$ 500	\$ 469
KY	FORGERY OR ALTERATION	\$ 25,000	0002	\$ 500	\$ 40
KY	INSIDE PREMISES-THEFT OF M&S	\$ 10,000	0001	\$ 500	\$ 25
KY	OUTSIDE THE PREMISES	\$ 10,000	0001	\$ 500	\$ 4
KY	COMPUTER FRAUD	\$ 10,000	0002	\$ 500	\$ 18

Total Premium

\$ 556



# Philadelphia Indemnity Insurance Company

POLICY NUMBER: PHPK2234684

COMMERCIAL AUTO  
CA DS 03 03 10

## BUSINESS AUTO DECLARATIONS

### ITEM ONE

<b>Named Insured and Mailing Address:</b> Bronston Water Association PO Box 243 Bronston, KY 42518-0243	
<b>Policy Period</b>	
<b>From:</b> 02/09/2021	
<b>To:</b> 02/09/2022	At 12:01 AM Standard Time at your mailing address shown above
<b>Previous Policy Number:</b> PHPK2096356	

<b>Form Of Business:</b> ASSOCIATION
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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.

<b>Premium shown is payable at inception:</b> \$ <input type="checkbox"/> <b>Included</b>
<b>Audit Period (If Applicable):</b> <input type="checkbox"/> <b>Annually</b> <input type="checkbox"/> <b>Semiannually</b> <input type="checkbox"/> <b>Quarterly</b> <input type="checkbox"/> <b>Monthly</b>

<b>Endorsements Attached To This Policy</b>
<b>See Schedule Attached</b>

<b>Countersignature Of Authorized Representative</b>
<b>Name:</b>
<b>Title:</b>
<b>Signature:</b>
<b>Date:</b>

**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.**

<b>Coverages</b>	<b>Covered Autos</b>	<b>Limit</b>	<b>Premium</b>
<b>Liability</b>	01	\$ 1,000,000 CSL	\$ 2,392.00
<b>Personal Injury Protection (Or Equivalent No-fault Coverage)</b>	05	<b>Separately Stated In Each Personal Injury Protection Endorsement Minus</b> \$ SEE SCHED Deductible	\$ 252.00
<b>Added Personal Injury Protection (Or Equivalent Added No-fault Coverage)</b>		<b>Separately Stated In Each Added Personal Injury Protection Endorsement</b>	\$
<b>Property Protection Insurance (Michigan Only)</b>		<b>Separately Stated In The Property Protection Insurance Endorsement Minus</b> \$ Deductible <b>For Each Accident</b>	\$
<b>Auto Medical Payments</b>		\$	\$
<b>Medical Expense And Income Loss Benefits (Virginia Only)</b>		<b>Separately Stated In The Medical Expense And Income Loss Benefits Endorsement</b>	\$
<b>Uninsured Motorists</b>	07	\$ 1,000,000 CSL	\$ 144.00
<b>Underinsured Motorists (When Not Included In Uninsured Motorists Coverage)</b>	07	\$ 1,000,000 CSL	\$ 513.00

**ITEM TWO**

**Schedule Of Coverages And Covered Autos (Cont'd)**

<b>Coverages</b>	<b>Covered Autos</b>	<b>Limit</b>	<b>Premium</b>
<b>Physical Damage Comprehensive Coverage</b>	07, 08	Actual Cash Value Or Cost Of Repair, Whichever Is Less, Minus  \$ SCHEDULE Deductible For Each Covered Auto, But No Deductible Applies To Loss Caused By Fire Or Lightning  See Item Four for Hired or Borrowed Autos.	\$ 480.00
<b>Physical Damage Specified Causes Of Loss Coverage</b>		Actual Cash Value Or Cost Of Repair, Whichever Is Less, Minus \$ 25 Deductible For Each Covered Auto For Loss Caused By Mischief Or Vandalism  See Item Four for Hired or Borrowed Autos.	\$
<b>Physical Damage Collision Coverage</b>	07, 08	Actual Cash Value Or Cost Of Repair, Whichever Is Less, Minus  \$ SCHEDULE Deductible For Each Covered Auto  See Item Four for Hired or Borrowed Autos.	\$ 765.00
<b>Physical Damage Towing And Labor</b>		\$ For Each Disablement Of A Private Passenger Auto	\$
			\$
<b>Premium For Endorsements</b>			\$ 369.39
<b>Estimated Total Premium*</b>			\$ 4,915.39
*This policy may be subject to final audit.			

**ITEM THREE**

**Schedule Of Covered Autos You Own**

<b>Covered Auto Number:</b>					
<b>Town And State Where The Covered Auto Will Be Principally Garaged:</b>					<b>SEE SCHEDULE ATTACHED</b>
<b>Covered Auto Description</b>					
<b>Year:</b>	<b>Model:</b>			<b>Trade Name:</b>	
<b>Body Type:</b>				<b>Serial Number (S):</b>	
<b>Vehicle Identification Number (VIN):</b>					
<b>Purchased</b>					
<b>Original Cost New:</b>		\$			
<b>Actual Cost New Or Used:</b>		\$		<input type="checkbox"/> <b>New</b>	<input type="checkbox"/> <b>Used</b>
<b>Classification</b>					
<b>Radius Of Operation</b>	<b>Business Use s=service r=retail c=commercial</b>	<b>Size GVW, GCW Or Vehicle Seating Capacity</b>	<b>Age Group</b>	<b>Secondary Rating Classification</b>	<b>Code</b>
	<b>SEE SCHEDULE ATTACHED</b>				
<b>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: SEE SCHEDULE(S)</b>					

**ITEM THREE**

**Schedule Of Covered Autos You Own (Cont'd)**

<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.)		
<b>Coverages</b>	<b>Limit</b>	<b>Premium</b>
<b>Liability</b>	\$ <b>SEE SCHEDULE ATTACHED</b>	\$
<b>Personal Injury Protection</b>	Stated In Each Personal Injury Protection Endorsement Minus \$ <b>Deductible</b>	\$
<b>Added Personal Injury Protection</b>	Stated In Each Added Personal Injury Protection Endorsement	\$
<b>Property Protection Insurance (Michigan Only)</b>	Stated In The Property Protection Insurance Endorsement Minus \$ <b>Deductible</b>	\$
<b>Auto Medical Payments</b>	\$	\$
<b>Medical Expense And Income Loss Benefits (Virginia Only)</b>	Stated In The Medical Expense And Income Loss Benefits Endorsement For Each Person	\$
<b>Comprehensive</b>	Stated In Item Two Minus \$ <b>Deductible</b>	\$
<b>Specified Causes Of Loss</b>	Stated In Item Two Minus \$ 25 <b>Deductible</b>	\$
<b>Collision</b>	Stated In Item Two Minus \$ <b>Deductible</b>	\$
<b>Towing And Labor</b>	\$ <b>Per Disablement</b>	\$

<b>Total Premiums</b>	<b>SEE SCHEDULE ATTACHED</b>
<b>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>	\$

**ITEM FOUR**

**Schedule Of Hired Or Borrowed Covered Auto Coverage And Premiums**

<b>Liability Coverage – Cost Of Hire Rating Basis For Autos Used In Your Motor Carrier Operations (Other Than Mobile Or Farm Equipment)</b>		
<b>Liability Coverage</b>	<b>Estimated Annual Cost Of Hire For All States</b>	<b>Premium</b>
<b>Primary Coverage</b>	<b>\$ SEE SCHEDULE, IF APPLICABLE</b>	<b>\$</b>
<b>Excess Coverage</b>	<b>\$ SEE SCHEDULE, IF APPLICABLE</b>	<b>\$</b>
<b>Total Premium</b>		<b>\$</b>

For "autos" used in your motor carrier operations, cost of hire means:

- (a) The total dollar amount of costs you incurred for the hire of automobiles (includes "trailers" and semitrailers), and if not included therein,
- (b) 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
- (c) 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>Liability Coverage – Cost of Hire Rating Basis For Autos NOT Used In Your Motor Carrier Operations (Other Than Mobile Or Farm Equipment)</b>			
<b>Liability Coverage</b>	<b>State</b>	<b>Estimated Annual Cost Of Hire For Each State</b>	<b>Premium</b>
<b>Primary Coverage</b>		<b>\$ SEE SCHEDULE, IF APPLICABLE</b>	<b>\$</b>
<b>Excess Coverage</b>		<b>\$ SEE SCHEDULE, IF APPLICABLE</b>	<b>\$</b>
<b>Total Premium</b>			<b>\$</b>

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>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</b>	<b>\$  See Schedule, If Applicable</b>	<b>\$  If Applicable</b>
<b>Specified Causes Of Loss</b>		<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>	<b>\$</b>	<b>\$</b>
<b>Collision</b>		<b>Actual Cash Value Or Cost Of Repair, Whichever Is Less, Minus \$ Deductible For Each Covered Auto</b>	<b>\$</b>	<b>\$</b>
<b>Total Premium</b>				<b>\$</b>
<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>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>
<b>Liability – Primary Coverage</b>		\$	\$	\$	\$
<b>Liability – Excess Coverage</b>		\$	\$	\$	\$
<b>Personal Injury Protection</b>		\$	\$	\$	\$
<b>Medical Expense Benefits (Virginia Only)</b>		\$	\$	\$	\$
<b>Income Loss Benefits (Virginia Only)</b>		\$	\$	\$	\$
<b>Auto Medical Payments</b>		\$	\$	\$	\$
<b>Total Premiums</b>				<b>\$ See Schedule, If Applicable</b>	
<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>Actual Cash Value Or Cost Of Repair, Whichever Is Less, Minus \$ Ded. For Each Covered Auto, But No Deductible Applies To Loss Caused By Fire Or Lightning</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
			<b>See Schedule, If Applicable</b>			
<b>Specified Causes Of Loss</b>		<b>Actual Cash Value Or Cost Of Repair, Whichever Is Less, Minus \$ Ded. For Each Covered Auto For Loss Caused By Mischief Or Vandalism</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Collision</b>		<b>Actual Cash Value Or Cost Of Repair, Whichever Is Less, Minus \$ Ded. For Each Covered Auto</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Total Premiums</b>					<b>\$ See Schedule, If Applicable</b>	
<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>
<b>Liability – Primary Coverage</b>				\$	\$
<b>Liability – Excess Coverage</b>				\$	\$
<b>Personal Injury Protection</b>				\$	\$
<b>Medical Expense Benefits (Virginia Only)</b>				\$	\$
<b>Income Loss Benefits (Virginia Only)</b>				\$	\$
<b>Auto Medical Payments</b>				\$	\$
<b>Total Premiums</b>				\$	\$

**ITEM FIVE**

**Schedule For Non-ownership Liability**

Named Insured's Business	Rating Basis	Number	Premium
Other Than Garage Service Operations And Other Than Social Service Agencies	Number Of Employees	4	\$ 153.00
	Number Of Partners (Active and Inactive)		\$
Garage Service Operations	Number Of Employees Whose Principal Duty Involves The Operation Of Autos		\$
	Number Of Partners (Active and Inactive)		\$
Social Service Agencies	Number Of Employees		\$
	Number Of Volunteers Who Regularly Use Autos To Transport Clients		\$
	Number Of Partners (Active and Inactive)		\$
<b>Total Premium</b>			<b>\$ 153.00</b>

**ITEM SIX**

**Schedule For Gross Receipts Or Mileage Basis**

<b>Address Of Business Headquarters Location:</b>	
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)
<b>Estimated Yearly (Gross Receipts Or Mileage):</b>	
<b>Premiums</b>	
Liability	\$
Personal Injury Protection	\$
Added Personal Injury Protection	\$
Property Protection Insurance (Michigan Only)	\$
Auto Medical Payments	\$
Medical Expense And Income Loss Benefits (Virginia Only)	\$
Comprehensive	\$
Specified Causes Of Loss	\$
Collision	\$
Towing And Labor	\$

**ITEM SIX**

**Schedule For Gross Receipts Or Mileage Basis (Cont'd)**

<b>Address Of Business Headquarters Location:</b>	
Type Of Risk (Check one): <input type="checkbox"/> <b>Public Autos</b> <input type="checkbox"/> <b>Leasing Or Rental Concerns</b>	
Rating Basis (Check one): <input type="checkbox"/> <b>Gross Receipts (Per \$100)</b> <input type="checkbox"/> <b>Mileage (Per Mile)</b>	
<b>Estimated Yearly (Gross Receipts Or Mileage):</b>	
<b>Premiums</b>	
<b>Liability</b>	<b>\$</b>
<b>Personal Injury Protection</b>	<b>\$</b>
<b>Added Personal Injury Protection</b>	<b>\$</b>
<b>Property Protection Insurance (Michigan Only)</b>	<b>\$</b>
<b>Auto Medical Payments</b>	<b>\$</b>
<b>Medical Expense And Income Loss Benefits (Virginia Only)</b>	<b>\$</b>
<b>Comprehensive</b>	<b>\$</b>
<b>Specified Causes Of Loss</b>	<b>\$</b>
<b>Collision</b>	<b>\$</b>
<b>Towing And Labor</b>	<b>\$</b>

<b>Address Of Business Headquarters Location:</b>	
Type Of Risk (Check one): <input type="checkbox"/> <b>Public Autos</b> <input type="checkbox"/> <b>Leasing Or Rental Concerns</b>	
Rating Basis (Check one): <input type="checkbox"/> <b>Gross Receipts (Per \$100)</b> <input type="checkbox"/> <b>Mileage (Per Mile)</b>	
<b>Estimated Yearly (Gross Receipts Or Mileage):</b>	
<b>Premiums</b>	
<b>Liability</b>	<b>\$</b>
<b>Personal Injury Protection</b>	<b>\$</b>
<b>Added Personal Injury Protection</b>	<b>\$</b>
<b>Property Protection Insurance (Michigan Only)</b>	<b>\$</b>
<b>Auto Medical Payments</b>	<b>\$</b>
<b>Medical Expense And Income Loss Benefits (Virginia Only)</b>	<b>\$</b>
<b>Comprehensive</b>	<b>\$</b>
<b>Specified Causes Of Loss</b>	<b>\$</b>
<b>Collision</b>	<b>\$</b>
<b>Towing And Labor</b>	<b>\$</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:

- A. Amounts paid to air, sea or land carriers operating under their own permits.
- B. Advertising revenue.
- C. Taxes collected as a separate item and paid directly to the government.
- D. 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.

# Philadelphia Indemnity Insurance Company

## Form Schedule – Commercial Auto

**Policy Number:** PHPK2234684

Forms and Endorsements applying to this Coverage Part and made a part of this policy at time of issue:

Form	Edition	Description
CADS03	0310	Business Auto Declarations
Auto Schedule	0100	Business Auto Schedule
Hired Or Borrowed Auto Sche	0706	Schedule Of Hired Or Borrowed Covered Auto
CA0001	0310	Business Auto Coverage Form
CA0125	1202	Kentucky Changes
CA2176	0906	Kentucky Uninsured Motorists Coverage
CA2179	0310	Kentucky Underinsured Motorists Coverage
CA2216	0311	Kentucky Personal Injury Protection
CA9933	0299	Employees as Insureds
PI-AUT-002	0116	Exclusion Of Certified Acts Of Terrorism

## BUSINESS AUTO SCHEDULE

POLICY NUMBER: PHPK2234684

### SCHEDULE OF COVERED AUTOS YOU OWN

Covered Auto No.	DESCRIPTION							TERRITORY			
	Year Model; Trade Name; Body Type Serial Number (S); Vehicle Identification Number (VIN)							Town or City & Zip where the Covered Auto will be principally garaged			
1	2015 CHEVROLET SILVERADO, 1GCNKPEH6FZ242366							106 Bronston, KY 42518			
2	2012 CHEVROLET SILVERADO, 1GCNKPEXXCZ218011							106 Bronston, KY 42518			
3	2019 FORD F250, 1FT7X2B60KEF54717							106 Bronston, KY 42518			
Covered Auto No.	CLASSIFICATION								PURCHASED		
	Radius of Operation	Business Use s = service r = retail c = comml.	Size GVW, CGW or Vehicle Seating Capacity	Age Group	Primary Rating Factor		Sec. Rating Factor		Code	Original Cost New	Stated Amount
					Liab.	Phy. Dam.	Liab.	Phy. Dam.			
1	LOCAL	S	5,000	7	1.000	1.000			01199	20,000	
2	LOCAL	S	5,000	10	1.000	1.000			01199	25,000	
3	LOCAL	S	5,000	3	1.000	1.000			01199	38,280	
Total Premium											
Covered Auto No.	LIABILITY			AUTO. MED.		MEDICAL EXPENSE AND INCOME LOSS BENEFITS (VA ONLY)					
	Limit (in thousands)	Premium		Limit	Premium	Limit Stated In Each Med. Exp. And Inc. Loss Ben. End. For Each Person			Premium		
	1	1,000	746.00	NONE							
2	1,000	746.00	NONE								
3	1,000	746.00	NONE								
Total Premium		2,238.00									
Covered Auto No.	PERSONAL INJURY PROTECTION		P.P.I. (Mich, Only)		UNINSURED/UNDERINSURED						
	Limit stated in each P.I.P. end.	Premium	Limit stated in each P.P.I. end.	Premium	Limit (in thousands)	Premium	UM	UIM			
	1	SEE FORM(S)	84.00			1,000	219.00	X	X		
2	SEE FORM(S)	84.00			1,000	219.00	X	X			
3	SEE FORM(S)	84.00			1,000	219.00	X	X			
Total Premium		252.00				657.00					

## BUSINESS AUTO SCHEDULE

POLICY NUMBER: PHPK2234684

### SCHEDULE OF COVERED AUTOS YOU OWN (Cont'd)

Covered Auto No.	COMPREHENSIVE		SPEC. CAUSES OF LOSS	COLLISION	
	Deductible	Premium	Premium	Deductible	Premium
1	500	126.00		500	200.00
2	500	117.00		500	156.00
3	500	204.00		500	360.00
Total Premium		447.00			716.00
Covered Auto No.	TOWING & LABOR		Except for towing all physical damage loss is payable to you and the loss payee named below as interests may appear at the time of the loss.	TOTAL	
	Limit per disablement	Premium		Premium	
1					1,375.00
2			See Schedule(s)		1,322.00
3					1,613.00
Total Premium					4,310.00



Policy Number: PHPK2234684

**Schedule Of Hired Or Borrowed Covered Auto Coverage And Premiums**

<b><u>Coverage</u></b>	<b><u>State</u></b>	<b><u>Cost of Hire</u></b>	<b><u>Deductible</u></b>	<b><u>Rate</u></b>	<b><u>Premium</u></b>
Liability Coverage	KY	100		1.32100	\$ 1
Physical Damage - Comp	KY	5,000	100	0.66000	\$ 33
Physical Damage - Collision	KY	5,000	500	0.97900	\$ 49
				Total Premium -	\$ 83

**EMPLOYMENT-RELATED PRACTICES LIABILITY DECLARATIONS  
WATER DISTRICTS INSURANCE PROGRAM  
DEFENSE EXPENSE WITHIN LIMITS**

**THIS IS CLAIMS MADE COVERAGE. PLEASE READ YOUR POLICY CAREFULLY AND CONTACT YOUR AGENT IF YOU HAVE ANY QUESTIONS. THIS INSURANCE APPLIES ONLY TO "WRONGFUL ACTS" THAT OCCUR ON OR AFTER THE RETROACTIVE DATE, IF ANY, AND PRIOR TO THE END OF THE POLICY PERIOD. THIS INSURANCE APPLIES ONLY TO "CLAIMS" (I) FIRST MADE AGAINST YOU ON OR AFTER THE INCEPTION DATE AND PRIOR TO THE END OF THE POLICY PERIOD OR ANY APPLICABLE EXTENDED REPORTING PERIOD; AND (II) REPORTED PRIOR TO THE END OF THE POLICY PERIOD OR ANY APPLICABLE EXTENDED REPORTING PERIOD. COVERAGE IS SUBJECT TO THE INSURED'S PAYMENT OF THE APPLICABLE DEDUCTIBLE. PAYMENT OF "DEFENSE EXPENSES" IS INCLUDED WITHIN THE AVAILABLE LIMIT OF INSURANCE.**

**Named Insured and Mailing Address:**

Bronston Water Association  
PO Box 243  
Bronston, KY 42518-0243

**Policy Period****From:** 02/09/2021**To:** 02/09/2022 12:01 A.M. at your mailing address shown above.**Retroactive Date**

This insurance does not apply to a wrongful act if the offense out of which the wrongful act arose commences before the Retroactive Date, if any, shown below.

**Retroactive Date:** 02/09/2009

(Enter date or "none" if no Retroactive Date applies.)

**Pending Or Prior Litigation Date****Pending Or Prior Date:** None

(Enter date or "none" if no Pending Or Prior Date applies.)

Limits Of Insurance		Deductible Amount
\$	1,000,000 Each Wrongful Act	\$ 1,000
\$	3,000,000 Aggregate	

**Policy Premium:** \$ Included

**Additional Premium for Supplemental Extended Reporting Period:** \$ \_\_\_\_\_

**Endorsements Attached To This Policy:**

Refer To Forms Schedule

**Notice of "Claim" or "Wrongful Act" To Insurer:** [Claimsreport@phly.com](mailto:Claimsreport@phly.com)

Philadelphia Indemnity Insurance Company

Form Schedule – Employment Related Practices Liability

**Policy Number:** PHPK2234684

Forms and Endorsements applying to this Coverage Part and made a part of this policy at time of issue:

Form	Edition	Description
PI-WDI-091DC	1017	ERPL Dec Water Districts Defense Expense Within Limits
PI-WDI-091C	1017	ERPL Coverage Form Water Districts Insurance Program
PI-WDI-092	1017	Nuclear Energy Liability Exclusion Endt (Broad Form)

**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.**

## **EXCLUSION OF CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the following:

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

### **SCHEDULE**

The **Exception Covering Certain Fire Losses** (Paragraph **C**) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:

State(s)	Coverage Form, Coverage Part Or Policy
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

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

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

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

**B.** The following exclusion is added:

#### **CERTIFIED ACT OF TERRORISM EXCLUSION**

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

**C. Exception Covering Certain Fire Losses**

The following exception to the exclusion in Paragraph **B.** applies only if indicated and as indicated in the Schedule of this endorsement.

If a "certified act of terrorism" results in fire, we will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements which apply to those forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

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

#### **D. Application Of Other Exclusions**

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



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****ABSOLUTE CYBER LIABILITY AND ELECTRONIC EXCLUSION**

The following exclusion applies to all coverages afforded under this policy:

This insurance does not apply to any loss, cost, expense, fine, penalty, error and omission, or damage alleging, arising out of or from, attributable to, or giving rise to:

- (1) Any access to, collection or disclosure of, or failure to erase any 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, biometrics, or any other type of nonpublic information; or
- (2) Business interruption or suspension of operations as caused by any access, unauthorized access, lack of access, delay in access, damage, manipulation, loss, or impairment to **Electronic Data** or **Electronic Media**; or
- (3) **Cyber Extortion**; or
- (4) A **Privacy Breach**; or
- (5) A **Security Breach**; or
- (6) Any fraudulent communication through **Electronic Media** that impersonates any person or organization, including but not limited to phishing or other social engineering techniques or otherwise; or
- (7) Any computer code, software, or programming; or
- (8) Any **Security Breach** that results in any electronic thing or device or **Electronic Media** malfunctioning, improperly functioning, non-functioning, failing to perform as the intended user desired, or being electronically manipulated to perform in a way that causes harm to the insured or others; or
- (9) The loss, loss of use, misuse, delay, manipulation, corruption, damage, alteration, destruction, distortion, erasure, or theft of, or inability to access or manipulate **Electronic Data** or **Electronic Media** as a result of **Cyber Extortion**; or **Privacy Breach**; or **Security Breach**
- (10) Any failure of utilities based upon, arising out of, or attributable to any mechanical or electrical failure, interruption, or outage, however caused, including but not limited to any electrical power interruption or surge, brownout, blackout, short circuit, over voltage, or power fluctuation or outage to gas, water, telephone, cable, satellite, telecommunications, the internet, or any component thereof, including but not limited to hardware, software, or any other infrastructure as a result of **Cyber Extortion**; or **Privacy Breach**; or **Security Breach**.
- (11) This exclusion applies even if damages are claimed for notification costs, errors or omissions, credit monitoring expenses, forensic expenses, public relations expenses, or any other loss, cost, or expense incurred by the insured or others arising out of that which is described in Paragraphs (1) through (10) above.

As used in this exclusion, the following definitions apply:

Page 1 of 3

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**Computer hardware** means the physical components of any **computer system** including CPU's, memory storage devices, storage media, and input/output devices and other peripheral devices and components including but not limited to cable, connectors, fiber optics, networking equipment, **electronic data** storage devices, input and output devices, backup facilities, wire, power supply units, keyboards, display monitors and audio speakers.

**Computer system** means an electronic, wireless, web or similar systems (including all **computer hardware**, computer programs and **electronic data**) used to process data or information in an analog, digital, electronic or wireless format, including but not limited to, associated input and output devices, data storage devices, networking equipment, wired or wireless peripherals, electronic backup facilities, and media libraries, that is owned or leased, operated and controlled by the insured or operated by an independent contractor authorized to provide Business Process Outsourcing services or outsourced Information Technology services for the insured.

**Corporate Information Breach** means the public disclosure of an organization's non-public information.

**Cyber Extortion** means any threat or connected series of threats communicated to the insured for the purpose of demanding money, securities, or property, including but not limited to threats to release, divulge, disseminate, corrupt, damage or destroy **Electronic Data** or **Electronic Media**; introduce malware or **malicious code** into the insured's computer system; electronically communicate with the insured's customers in order to fraudulently obtain personal information, money, securities or property; or restrict or hinder access to the insured's computer system, **Electronic Data** or **Electronic Media**, including but not limited to ransomware.

**Denial of service** means unauthorized or unexpected interference or malicious attack by any person(s) or entity(ies) that restricts or prevents access to a **computer system** by persons or entities authorized to gain access to the **computer system** or **electronic data**.

**Electronic Data** means information, facts, blockchain, crypto currencies, or computer programs stored as or on, created or used on, or transmitted to or from computer software, including but not limited to systems and applications software, hard or floppy disks, CD-ROMs, DVDs, external drives, USB sticks, tapes, drives, cells, microchip, data processing devices, or any other media 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.

**Electronic Media** means broadcast or storage media that take advantage of electronic technology. They include television, radio, Internet, fax, Bluetooth, GPS, audio beacons, electronic data, and any other medium that requires electricity or digital encoding of information.

**Malicious code** means unauthorized and corrupting or harmful computer code, including but not limited to computer viruses, spyware, Trojan horses, worms, logic bombs, and mutations of any of the preceding.

**Privacy Breach** means a common law or statutory breach of confidence or violation of any common law or statutory rights to privacy, including but not limited to breach of a privacy policy, breach of a person's right of publicity, misappropriation of likeness, false light, intrusion upon a person's seclusion, or public disclosure of a person's or animal's private information. Privacy Breach will also include a **Corporate Information Breach**.

**Security breach** means:

1. **Unauthorized access** of the insured's **computer system** or **unauthorized use of computer systems** including **unauthorized access** or **unauthorized use** resulting from the theft of a password from the insured's **computer system**;
2. A **denial of service** attack against your **computer systems**; or
3. Infection of the insured's **computer system** by **malicious code** or transmission of **malicious code** from the insured's **computer systems**,

whether any of the foregoing is a specifically targeted attack or a generally distributed attack.

**Unauthorized access** means the gaining of access to a **computer system** by an unauthorized person or persons.

**Unauthorized use** means the use of a **computer system** by an unauthorized person or persons or an authorized person in an unauthorized manner.

This Endorsement is an absolute exclusion for cyber liability, **Electronic Data, Electronic Media and Security Breaches**. This Endorsement applies except if coverage is specifically and affirmatively provided in the following coverage forms or endorsements issued by us and only in respect to the coverage afforded in those coverage forms or endorsements. In no event will this Endorsement broaden any coverage afforded in any coverage form or endorsement:

- **Cyber Security Liability Coverage Form**
- **Cyber Security Liability Endorsement**
- **Building and Personal Property Coverage Form**
- **Fraudulent Inducement Insuring Agreement**
- **Fraudulent Inducement Insuring Agreement - Broad Form**
- **Fraudulent Impersonation**
- **Fraudulent Impersonation Ultimate Cover**
- **Business Income and Extra Expense Coverage Form**
- **Computer Coverage Form**

All other terms and conditions remain unchanged.

## COMMON POLICY CONDITIONS WATER DISTRICTS INSURANCE PROGRAM

All Coverage Parts included in this policy are subject to the Common Policy Conditions.

### A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance 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 canceled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

### B. Changes

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

### C. Examination of Your Books and Records

We may, but are not obligated to, examine and audit your books and records as they relate to this policy at any time during the policy period and up to three (3) years afterward.

### D. Inspections and Surveys

We have the right but are not obligated to:

1. Make inspections and surveys at any time;
2. Give you reports on the conditions we find; and
3. Recommend changes.

Any inspection, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of

any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

- a. Are safe or healthful; or
- b. Comply with laws, regulations, codes or standards.

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

#### **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 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.

If any of the following Common Policy Conditions **G.** through **Q.** include language which is contrary to language contained in Conditions in either the **COMMERCIAL AUTO COVERAGE FORM** or the **EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE FORM**, these provisions shall supersede and shall apply instead, provided that a state changes endorsement is not attached to this policy, addressing state-specific requirements.

#### **G. Arbitration**

All disputes between any insured and us regarding our respective rights and obligations under this policy will be resolved by binding arbitration. Either party may initiate the arbitration process by making a written demand for arbitration. When this demand is made, each party will select an arbitrator within thirty (30) days. Should any party fail to select an arbitrator, then the other party may select the second arbitrator. These two arbitrators will select the third arbitrator. If they cannot agree upon a third arbitrator within thirty (30) days, then the selection will be made by a court of jurisdiction. Each party will pay the expenses and fees of the arbitrator selected by that party and will bear half the expenses and fees of the third arbitrator.

The arbitration hearing will take place in the county in which the address shown in the Declarations for the first Named Insured is located. Local rules of law as to the procedure and evidence applicable to binding arbitration will apply. A decision agreed to by two of the arbitrators will be binding.

The arbitrators may award only the following damages:

1. Amounts payable under the policy.
2. Economic damages recoverable by law for failure to perform any contractual obligation.
3. Attorneys' and arbitrators' fees and costs to the prevailing party.

The arbitrators' award will be the sole and exclusive remedy for any claim or dispute subject to arbitration under this policy.

#### **H. Assistance and Cooperation of the Insured**

The insured will cooperate with us and, at our request and expense, will attend hearings and trials. The insured will also assist in effecting settlements, in securing and giving evidence, in obtaining the attendance of witnesses, and in conducting "suits."

#### **I. Bankruptcy or Insolvency**

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

#### **J. When We Do Not Renew**

If we decide not to renew this policy, 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.

#### **K. Duties in the Event of Occurrence, Offense, Error, Omission, Wrongful Act, Act, Error or Omission, Claim or Suit**

An insured has certain duties if a claim or "suit" is brought against it, or in the event of an "occurrence," offense, error, omission, "wrongful act" or "act, error or omission" that may result in a claim under this policy.

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

- c. Cooperate with us in the investigation, settlement or defense of the claim or "suit"; and
  - d. Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the Insured because of injury or damage to which this policy may also apply.
4. No insured will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.
  5. If there is a "loss" to a covered "auto" or its equipment, you must also do the following:
    - a. Promptly notify the police if the covered "auto" or any of its equipment is stolen.
    - b. 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.
    - c. Permit us to inspect the covered "auto" and records providing the "loss" before its repair or disposition.
    - d. Agree to examinations under oath at our request and give us a signed statement of your answers.

#### **L. Legal Action Against Us**

No person or organization has a right under this policy to join us as a party or otherwise bring us into a "suit" asking for damages from an insured or to sue us on this policy unless all of its terms have been fully complied with. A person or organization may sue us to recover on an agreed settlement or on a final judgment against an Insured obtained after actual trial; but we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable Limit of Insurance. An agreed settlement means a settlement and release of liability signed by us, the insured, and the claimant or the claimant's legal representative.

#### **M. Liberalization**

If we are required by statute to adopt any revision that would broaden the coverage under this policy without additional premium within forty-five (45) days prior to or during the policy period, the broadened coverage will immediately apply to this policy.

#### **N. Multiple Year Policies**

The following provisions apply for any policy written for more than one (1) annual period:

1. The premium shown in the Declarations is a deposit premium for the first anniversary and was computed based on rates and rules in effect at the time the policy was issued. On each anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.
2. The Limits of Insurance apply separately to each consecutive annual period and to any remaining period of less than twelve (12) months, starting with the beginning of the policy period shown in the Declarations.

#### **O. Separation of Insureds**

Any rights or duties specifically assigned in the policy to the first Named Insured applies:

1. As if each Named Insured were the only Named Insured; and

2. Separately to each insured against whom claim is made or suit is brought.

It is understood that the separation of insureds will not increase the Limits of Insurance.

**P. Statutory Provisions**

Terms of this policy which conflict with state statutes are amended to conform to such statutes.

**Q. Transfer of Rights of Recovery Against Others to Us**

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



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

**KENTUCKY CHANGES – NONBINDING ARBITRATION**

This endorsement modifies insurance provided under the following:

**COMMERCIAL LIABILITY COVERAGE FORM – WATER DISTRICTS INSURANCE PROGRAM  
PROPERTY AND INLAND MARINE COVERAGE PART – WATER DISTRICTS INSURANCE  
PROGRAM  
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE FORM – WATER DISTRICTS  
INSURANCE PROGRAM**

Section G. Arbitration in the COMMON POLICY CONDITIONS is amended to include the following:

G. Arbitration

If we and an insured do not agree then the matter may be arbitrated. Both parties must agree to arbitration.

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

## PROPERTY AND INLAND MARINE COVERAGE PART – WATER DISTRICTS INSURANCE PROGRAM

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” and “Named Insured” refer to the entity identified as the “Named Insured” in the Declarations. The words “Insured” or “Insureds” refer to any person or organization qualifying as an “Insured” under **Section F. Who Is An Insured**. The words “we”, “us”, “our” and “Company” refer to the Company stated in the Declarations as providing this insurance.

Other words and phrases that appear in quotation marks have special meanings. **Refer to Section G. Definitions** and other provisions of this policy for such meanings.

All Coverage Parts included in this policy are subject to the Common Policy Conditions.

### A. Coverage

We will pay for direct physical loss of or damage to Covered Property caused by or resulting from any Covered Cause of Loss.

#### 1. Covered Property

Covered Property as used in this Coverage Form, means the type of property described in this section subject to the Limits of Insurance shown in on the Declarations for that type of property.

- a. Aboveground piping;
- b. Aboveground and belowground “penstock”;
- c. Communication equipment;
- d. Computer equipment, “electronic data” and “media”;
- e. “Fine arts”;
- f. “Mobile equipment” owned by an Insured;
- g. “Mobile equipment” rented or borrowed from others for or on behalf of an Insured for which the Insured is legally responsible;
- h. Outdoor property including signs;
- i. Paved surfaces;
- j. Property in the course of construction;
- k. Real and personal property of the Insured including the Insured’s interest in improvements and betterments to buildings occupied but not owned by the Insured;
- l. Real and personal property of others while in the care, custody, or control of the Insured, and for which the Insured is legally liable;
- m. Trees, shrubs and landscape plantings;

n. Property acquired after the inception of this policy until the next anniversary date without additional premium except that the following property will not be Covered Property unless it is reported to us within thirty (30) days of its acquisition and any premium due thereon is paid:

(1) Any newly acquired single piece of property, other than "mobile equipment", whose value exceeds \$500,000.

(2) Any property in the course of construction the completed value of which exceeds \$100,000.

(3) Any newly acquired "mobile equipment" whose value exceeds \$100,000.

Property automatically covered under this section during the remainder of the coverage period in which it was acquired will not continue to have coverage under a subsequent coverage period, unless reported to us at the policy anniversary date;

o. Underground piping and valves located on the Insured's premises described in the Declarations or within 100 feet of the described premises; and

p. "Valuable papers and records".

## 2. Property Not Covered

This policy does not cover the following property:

a. Aircraft;

b. "Autos";

c. Dams;

d. Ditches, canals, levees, flumes, aqueducts or any other type of water or wastewater conveyance;

e. Excavations, underground flues or drains;

f. Firearms;

g. Foundations, piers or other supports which are below the undersurface of the lowest basement floor or below the surface of the ground;

h. Furs, fur garments, jewels, jewelry, watches, pearls, precious and semi-precious stones, gold, silver, platinum or other precious metals and alloys;

i. Land, atmosphere or any body of water;

j. Power transmission and feeder lines;

k. Property which is separately described and specifically covered, in whole or in part, by any other insurance policy;

l. Saltwater piers, docks and wharves.

m. Stamps, letters of credit, cash or tickets;

n. Standing timber, growing crops or animals;

- o. Submersible pumps located 50 feet or more below the surface of the ground;
- p. Underground piping and valves located more than 100 feet away from the Insured's premises described in the Declarations; and
- q. Wells.

### 3. Covered Causes of Loss

Covered Causes of Loss includes all risk of direct physical loss or damage to Covered Property except as hereinafter excluded or limited. Any loss or damage caused by windstorm that occurs within any period of seventy-two (72) consecutive hours shall constitute a single occurrence. The expiration of this policy will not reduce the seventy-two (72) hour period.

### 4. Coverage Extensions

Subject to the applicable Limit of Insurance shown in the Declarations, this policy also covers:

#### a. Accounts Receivable

We will pay for the actual loss sustained to your "accounts receivable" from a Covered Cause of Loss not otherwise excluded.

- (1) When there is proof that a loss has occurred but the Insured cannot accurately establish the total amount of "accounts receivable" outstanding as of the date of such loss, such amount will be based on the Insured's monthly statements and will be computed as follows:
  - (a) Determine the amount of all outstanding "accounts receivable" at the end of the same fiscal month in the year immediately preceding the year in which the loss occurred;
  - (b) Calculate the percentage of increase or decrease in the average monthly total of "accounts receivable" for the twelve (12) months immediately preceding the month in which the loss occurred as compared with the average for the same months of the preceding year;
  - (c) The amount determined under (a) above, increased or decreased by the percentage calculated under (b) above, will be the total amount of "accounts receivable" as of the last day of the fiscal month in which the loss occurred;
  - (d) The amount determined under (c) above will be increased or decreased in conformity with the normal fluctuations in the amount of "accounts receivable" during the fiscal month involved, due consideration being given to the experience of the business since the last day of the last fiscal month for which a statement has been rendered.

We will deduct from the total amount of "accounts receivable", however established, the amount of such accounts evidenced by records not lost or damaged, or otherwise established or collected by the Insured, and an amount to allow for probable bad debts which would normally have been uncollectible by the Insured. On deferred payment "accounts receivable", we will deduct unearned interest and service charges.

- (2) We will further adjust the monthly amount of "accounts receivable" in accordance with any demonstrable variance from the average for the particular month in which the loss occurred, giving due consideration to the normal fluctuations in the amount of "accounts receivable" within the fiscal month involved. There will be deducted from the total amount of "accounts receivable", however established, the amount of such accounts as evidenced by records, not lost or damaged, or otherwise established or collected by the Insured and an amount to allow for probable bad debts which would normally have been uncollectible by the Insured.
- (3) We will also pay for:
- (a) Interest charges on any loan to the Insured to offset impaired collection, pending repayment of such sums, of "accounts receivable" because of loss to records of "accounts receivable";
  - (b) Collection expenses in excess of normal collection expenses which are made necessary by loss to records of "accounts receivable"; and
  - (c) Other expenses, when reasonably incurred by the Insured, in re-establishing records of "accounts receivable" following loss.

The most we will pay under this Extension in any one occurrence is the Accounts Receivable Limit of Insurance shown in the Declarations.

**b. Ammonia Contamination**

We will pay for direct physical loss or damage to covered property arising from ammonia contamination or ammonia pollution. The most we will pay under this Extension in any one occurrence is the Ammonia Contamination Limit of Insurance shown in the Declarations.

**c. Arson and Crime Reward**

We will pay for rewards you pay for information leading to convictions of perpetrators who caused direct physical loss or damage to Covered Property from a Covered Cause of Loss not otherwise excluded.

The most we will pay under this Extension in any one occurrence is the Arson and Crime Reward Limit of Insurance shown in the Declarations.

**d. Bridges**

We will pay for loss or damage to bridges under 30 feet in length resulting from a Covered Cause of Loss not otherwise excluded. However, this Coverage Extension does not apply to loss or damage caused by vehicles or by freezing or thawing.

The most we will pay under this Extension in any one occurrence is the Bridges Limit of Insurance shown in the Declarations.

**e. Collapse**

The term Covered Cause of Loss includes Collapse as described and limited in e. (1) through e. (5) below.

- (1) With respect to buildings:
- (a) 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;
  - (b) A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse;
  - (c) A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of the building;
  - (d) A building that is standing or any part of a building that is standing is not considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- (2) We will pay for direct physical loss or damage to Covered Property, caused by collapse of a building or any part of a building that is insured under this Coverage Part or that contains Covered Property insured under this Coverage Part, if the collapse is caused by one or more of the following:
- (a) The “specified causes of loss” as insured against in this Coverage Part;
  - (b) Decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
  - (c) Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
  - (d) Weight of people or personal property;
  - (e) Weight of rain that collects on a roof;
  - (f) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in (2)(a) through (2)(e), we will pay for the loss or damage even if use of defective material or methods, in construction, remodeling or renovation, contributes to the collapse.

The criteria set forth in (1)(a) through (1)(d) do not limit the coverage otherwise provided under this Coverage Part for the causes of loss listed in (2)(a), (2)(d) and (2)(e).

- (3) 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) Fences;

(d) Retaining walls; and

(e) Walks, roadways and other paved surfaces;

if the collapse is caused by a cause of loss listed in (2)(b) through (2)(f), we will pay for loss or damage to that property only if:

(a) Such loss or damage is a direct result of the collapse of a building insured under this Coverage Part; and

(b) The property is Covered Property under this Coverage Part.

(4) If personal property abruptly falls down or caves in and such collapse is not the result of 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 was caused by a Cause of Loss listed in (2)(a) through (2)(f) above;

(b) The personal property which collapses is inside a building; and

(c) The property which collapses is not of a kind listed in (3) above, regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this paragraph (4) does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

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

(5) This Collapse Coverage Extension will not increase the Policy Limit of Insurance shown in the Declarations.

**f. Debris Removal**

We will pay for expenses incurred in the removal of debris of Covered Property resulting from direct physical loss or damage from a Covered Cause of Loss not otherwise excluded.

We will not pay for costs to:

(1) Extract or remove "pollutants" from land, atmosphere or any body of water;

(2) Extract or remove "pollutants" from the debris;

(3) Remove, restore or replace contaminated or polluted land, atmosphere or any body of water;

(4) Remove or transport property debris to a site for storage or decontamination required because the property or debris is affected by "pollutants", whether or not such removal, transportation or decontamination is required by law or regulation; or

(5) Store any property or debris requiring specialized storage because the property or debris is affected by "pollutants", whether or not such storage is required by law or regulation; regardless of any other cause or event which contributes concurrently or in any sequence to the direct physical loss or damage.



The most we will pay under this Extension in any one occurrence is the Debris Removal Limit of Insurance shown in the Declarations.

**g. Demolition and Increased Cost of Construction**

Where Covered Property has sustained direct physical loss or damage from a Covered Cause of Loss not otherwise excluded, we will pay for:

- (1) The cost of demolishing the undamaged property including the cost of clearing the site;
- (2) The value of the undamaged part of the property which must be demolished;
- (3) The increased cost of repair or reconstruction of the damaged and undamaged property on the same or another site required by law or ordinance regulating the repair or reconstruction of the damaged property, but we will not pay more than it would have cost had it been repaired or reconstructed on the original site, nor will we pay for the cost to acquire land. The increased rebuilding costs must be kept to the minimum needed to satisfy legal requirements. We will not pay for any increased cost of construction unless the property is actually rebuilt or replaced within two (2) years; and
- (4) Any increase in loss of income, "extra expense" or loss of "rental value" arising out of the reasonably required additional time required to comply with any law or ordinance regulating the repair or reconstruction of the damaged property compared with the time it would have taken to repair or reconstruct the property with materials of like kind and quality.

The most we will pay under this Extension in any one occurrence is the Demolition and Increased Cost of Construction Limit of Insurance shown in the Declarations.

**h. Expediting Expenses**

We will pay the actual loss sustained to:

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

of Covered Property resulting from direct physical loss or damage from a Covered Cause of Loss not otherwise excluded. The most we will pay under this Extension in any one occurrence is the Expediting Expenses Limit of Insurance shown in the Declarations.

**i. Extra Expense**

We will pay the necessary "extra expense" incurred by the Insured in order to continue as nearly as practicable the normal operation of the Insured's business following direct physical loss or damage to Covered Property from a Covered Cause of Loss not otherwise excluded.

We will pay for such necessary expense incurred for only such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair or replace such part of the property as has been damaged or destroyed, commencing with the date of damage or destruction and not limited by the date of expiration of the policy.

The most we will pay under this Extension in any one occurrence is the Extra Expense Limit of Insurance shown in the Declarations.

**j. Fire Department Service Charge**

We will pay for:

- (1) Fire department charges and other extinguishing expenses for which the Insured may be assessed; and
- (2) The cost of fire extinguishing materials expended by the Insured

resulting from direct physical loss or damage to Covered Property from a Covered Cause of Loss not otherwise excluded. This Coverage Extension, however, does not apply if you are a fire department or a fire district.

The most we will pay under this Extension in any one occurrence is the Fire Department Service Charge Limit of Insurance shown in the Declarations.

**k. Loss of Income**

We will pay the actual loss of income sustained by the Insured during the term of this policy due to interruption of business resulting from direct physical loss or damage to Covered Property from a Covered Cause of Loss not otherwise excluded. Such loss will not exceed the reduction in gross earnings less charges and expenses which do not necessarily continue during interruption of business. We will pay only for such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair, or replace such part of the property as has been damaged or destroyed commencing with the date of such damage or destruction and not limited by the date of expiration of the policy. We will pay normal charges and expenses including payroll expenses, to the extent necessary to resume operations of the Insured with the same quality of service which existed immediately preceding the loss.

The most we will pay under this Extension in any one occurrence is the Loss of Income Limit of Insurance shown in the Declarations.

**l. Pollutant Clean Up and Removal**

We will pay for any damages and expenses you incur to extract "pollutants" from land or water at premises owned by or leased to an Insured 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. Damages and expenses will be paid only if they are reported to us in writing within one hundred eighty (180) days of the date on which the loss occurs.

We will not pay for costs to test for, monitor or assess the existence, concentration or effects of "pollutants". However, we will pay for testing which is performed in the course of extracting "pollutants" from the land or water.

The most we will pay under this Coverage Extension for the sum of all covered damages and expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy is the Pollutant Clean Up and Removal Limit of Insurance shown in the Declarations.

Exclusion 16. in **SECTION B. Exclusions and Limitations** does not apply to this subsection I.

**m. Preservation of Property**

We will pay for any direct physical loss or damage occurring during necessary removal of Covered Property to preserve it from a Covered Cause of Loss:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if direct physical loss or damage occurs within fifteen (15) days after the property is first moved.

The most we will pay under this Extension in any one occurrence is the Preservation of Property Limit of Insurance shown in the Declarations.

**n. Rental Value**

We will pay the actual loss sustained by the Insured for necessary untenantability of the Covered Property resulting from direct physical loss or damage to Covered Property from a Covered Cause of Loss not otherwise excluded. However, our payment will not exceed the reduction in "rental value" less charges and expenses which do not necessarily continue during the period of untenantability, for only such length of time as would be required with the exercise of due diligence to rebuild, repair or replace the part of the property damaged or destroyed, commencing with the date of such damage or destruction and not limited by the date of expiration of this policy.

The most we will pay under this Extension in any one occurrence is the Rental Value Limit of Insurance shown in the Declarations.

**o. Utility Interruption**

We will pay for direct physical loss or damage to Covered Property, including any resulting extra expense and loss of income, due to utility interruption. Utility includes gas, electric, water and telephone services.

The most we will pay under this Extension in any one occurrence is the Utility Interruption Limit of Insurance shown in the Declarations.

**p. Vacant Buildings**

We will pay for direct physical loss or damage to your "vacant buildings" on an "actual cash value" basis subject to the following:

- (1) The loss must be caused by a "specified cause of loss"; and
- (2) The "vacant building" is kept locked or secured before the loss.

The most we will pay under this Extension in any one occurrence is the Vacant Buildings Limit of Insurance shown in the Declarations.

**B. Exclusions and Limitations**

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.

1. Loss or shortage disclosed upon taking inventory or mysterious disappearance of property.
2. Rain, sleet, snow or ice to personal property in the open.

3. Weight of the load imposed on a machine exceeding the capacity for which such machine was designed.
4. Earth movement, including but not limited to:
  - a. "Earthquake" (including foreshocks, aftershocks and sprinkler leakage resulting from "earthquake");
  - b. Subsidence (including mine subsidence);
  - c. Landslide, rockslide, mudslide or mudflow;
  - d. Earth sinking (other than sinkhole), 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
  - e. Sinkhole; or
  - f. Volcanic eruption.

However, if a cause of loss not otherwise excluded ensues, we will pay for such ensuing loss.

This exclusion does not apply to "mobile equipment".

5. Misappropriation, conversion, infidelity or any dishonest act on the part of an Insured, its employees or agents, or others to whom the property may be entrusted.
6. Shrinkage, evaporation, reduction in weight, leakage, breakage of fragile articles, marring, scratching, exposure to light, or change in color, texture or flavor to personal property. This exclusion does not apply to loss or damage caused by a "specified cause of loss".
7. Nuclear reaction or radiation, or reactive contamination, however caused. But if nuclear reaction or radiation contamination results in fire, we will pay for the loss or damage caused by that fire.
8. Moths, vermin, termites, or other insects, inherent vice, latent defect, wear, tear or gradual deterioration, contamination, rust, wet or dry rot, or the normal settling, shrinkage, or expansion of the building or foundation. This exclusion does not apply to loss or damage by a cause of loss not otherwise excluded.
9. Water
  - a. Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
  - b. Mudslide or mudflow;
  - c. Water that backs up or overflows from a sewer, drain or sump; however, this exclusion does not apply to any loss or damage by water that backs up or overflows from a sewer, drain or sump if the cause of the backup originates on the Insured's premises or within 100 feet of the Insured's premises;
  - d. Water under the ground surface pressing on, or flowing or seeping through:
    - (1) Foundations, walls, floors or paved surfaces;

(2) Basements, whether paved or not; or

(3) Doors, windows or other openings.

But if water, as described in a. through d. above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

This exclusion does not apply to "mobile equipment".

10. Wear and tear, freezing or blowouts, punctures or other road damage to tires thereof, unless first caused by a cause of loss not otherwise excluded.
11. Wear and tear, freezing and thawing, or damage caused by vehicles to paved surfaces.
12. Interference at the Insured's premises covered under this policy with rebuilding, repairing or replacing property or with the resumption or continuation of business. This exclusion also applies to any increase in loss or damage which may be occasioned by:
  - a. The suspension, lapse or cancellation of any lease, contract or order unless such suspension, lapse or cancellation results directly from the interruption of business, and then we will only cover such loss or damage as it affects the Insured's "extra expense" covered under this policy; or
  - b. Loss of income or any other consequential or remote loss or damage, unless specifically covered herein.
13. War, including undeclared or civil war; 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 insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.
14. Defective, faulty or inadequate:
  - a. Planning, zoning, development, surveying, siting, construction, building codes, ordinances or building inspections;
  - b. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading or compaction;
  - c. Materials, parts or equipment used in repair, construction, renovation, or remodeling; or
  - d. Maintenance;of part or all of any Covered Property unless a cause of loss not otherwise excluded ensues, in which case we will pay only for such ensuing loss.
15. Acts or decisions, including failure to act or decide, of any person, group, organization or governmental body, unless a cause of loss not otherwise excluded ensues, in which case we will pay only for such ensuing loss.
16. Except as provided under **I. Pollutant Cleanup and Removal** under Section **A. Coverages**, Part **4. Coverage Extensions**:

- a. The actual, alleged or threatened release, discharge, escape, seepage, migration or dispersal of "pollutants", whether direct or indirect, proximate or remote, sudden, accidental or gradual. This subsection 1. does not apply to loss or damage from a "specified cause of loss";
- b. The enforcement, direction, or request of any civil or governmental authority regulating the testing, monitoring, prevention, control, removal, tearing down, demolition, disposal, treatment, clean-up, decontamination, detoxification, neutralization or containment of "pollutants", or the restoration, construction, reconstruction or replacement of property contaminated by "pollutants"; and
- c. Any fines, penalties, compensatory damages, punitive damages or any other damages, awards or settlements adjudged against the Insured by any civil or judiciary body, or board of arbitration, or any sums that the Insured voluntarily agrees to pay to any third party, or any legal fees or other costs of defense of legal actions, claim or proceedings and appeals arising out of or attributed to any damage or loss caused by or resulting from "pollutants".

This exclusion does not apply to "mobile equipment".

17. a. Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires.
- b. Mechanical breakdown, including rupture or bursting cause by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage cause by that elevator collision.
- c. 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 of 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.

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

- a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment.
  - 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.
18. Collapse, except as provided in the Collapse Coverage Extension. 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.
  19. Loss or damage to paved surfaces caused by vehicles or freezing or thawing.
  20. 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.
  21. 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.

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

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

1. The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.
2. The most we will pay for loss or damage to trees, shrubs and landscape plantings is the Limit of Insurance shown in the Declarations, but not more than \$1,000 for any one tree, shrub or landscape planting. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.
3. The limit applicable to the Coverage Extension for Collapse is included within the Policy Limit of Insurance shown in the Declarations.
4. Payments under all other Coverage Extensions and Additional Coverages are in addition to the Policy Limit of Insurance shown in the Declarations.
5. We will not pay for the loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable Limit of Insurance shown in the Declarations.

### **D. Deductible**

We will not pay for loss or damage in any one occurrence until the loss or damage exceeds the deductible shown in the Declarations. All covered loss as a result of a single occurrence will be subject to one deductible. When more than one classification of property is involved in an occurrence, the applicable deductible will be the highest amount indicated in the Declarations for any classification of property involved in the occurrence.

In the event of loss or damage caused by windstorm, a single occurrence means loss or damage occurring or commencing within a period of seventy-two (72) consecutive hours.

### **E. Conditions**

This Coverage Part is subject to the Common Policy Conditions and the following conditions:

#### **1. Abandonment**

There can be no abandonment to us of Covered Property.

#### **2. Appraisal**

In the event that the Insured and we disagree over the amount:

- a. To rebuild, repair or replace damaged or destroyed property; or
- b. The amount to be paid for a loss,

the Insured and we will each appoint a competent appraiser. The two appraisers will:

- a. Appoint a disinterested third appraiser as umpire;

- b. Obtain reconstruction, replacement or repair estimates; and
- c. Calculate the amount due as payment for the property.

If an Insured's appraiser and our appraiser cannot come to an agreement, they will submit their appraisals to the umpire. The agreed upon cost to rebuild, repair or replace will be based on an agreement, in writing, by any two of the three appraisers.

The Insured and we will each pay their own appraisers and equally share the cost of the umpire.

### **3. Loss to Property of Others**

In case of direct physical loss or damage to property of others held by the Insured for which claim is made upon us, we reserve the right to adjust such claim with the owner or owners of the property. If legal proceedings are taken to enforce a claim against the Insured with respect to such loss, we reserve the right at our option without expense to the Insured, to conduct and control the defense on behalf of and in the name of the Insured. No action on our part in such regard will increase the limits under this Coverage Part.

### **4. No Benefit To Bailee**

No entity other than an Insured having custody of Covered Property will benefit from this insurance

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

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

- a. Notify the police if a law may have been broken.
- b. Give us prompt notice of the loss or damage. Include a description of the property involved.
- c. As soon as possible, give us a description of how, when and where the loss or damage occurred.
- d. Take all reasonable steps to protect the Covered Property from further damage and keep a record of expenses for emergency or temporary repairs for consideration in the settlement of the claim. Such measures will not increase the Limits 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 in the best possible order for examination.
- e. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- f. 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 damage and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- g. Send to us or our appointed representative, a signed, sworn proof of loss, within ninety (90) days following demand thereof by us, containing the information we request to investigate the claim.



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

## 6. Other Insurance

You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this policy. If you do, except as otherwise provided in the Coverage Part, we will pay our share of the covered loss. Our share is the proportion that the applicable Limit of Insurance bears to the combined limits of all insurance covering on the same basis.

## 7. Policy Period, Coverage Territory

Under this Coverage Part:

a. We cover loss or damage commencing:

- (1) During the policy period shown in the Declarations; and
- (2) Within the coverage territory.

b. The coverage territory is:

- (1) United States of America (including its territories and possessions), Puerto Rico and Canada for the following types of covered property and coverage extensions: "emergency service portable equipment", "commandeered property", "mobile equipment", Personal Effects of Insureds and Personal Effects of Patients and Fire Victims.
- (2) Worldwide for all other Covered Property.

## 8. Recovered Property

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

## 9. Unintentional Failure To Report Property

Your failure to report to us all the property and equipment to be insured under this coverage will not prejudice your coverage for that property provided such omission is not intentional on your part and you report the property or equipment as soon as you discover the omission.

## 10. 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.
  - (4) 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.
  - (3) 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.

## 11. Valuation

- a. Subject to the applicable Limit of Insurance, we will pay the market value, or the cost to repair if less, of "fine arts", paved surfaces and "valuable papers and records".
- b. (1) Subject to the applicable Limit of Insurance, we will pay the "replacement cost value" for loss or damage to all Covered Property listed under Section **A. Coverage, Part 1. Covered Property** except for "fine arts", paved surfaces and "valuable papers and records". We will also pay the "replacement cost value" for loss or damage to "geomembrane covers".
- (2) We will not pay the "replacement cost value" for any loss or damage until the lost or damaged property is actually repaired or replaced.

The Insured must repair the covered property within a reasonable period of time not to exceed two (2) years.

We will pay for loss or damage on an "actual cash value" basis until the repair or replacement is completed.

- (3) We will not pay more for loss or damage on a “replacement cost value” basis than the least of:
- (a) The applicable Limit of Insurance; or
  - (b) The cost to repair or replace the lost or damaged property.
- c. Subject to the applicable Limit of Insurance, in case of loss or damage to any part of a machine or unit consisting of two or more parts when complete, we will pay the value of the part or parts lost or damaged. At the Insured’s option, we will pay to replace or duplicate the lost or damaged part or parts, or repair the machine or units. But the option selected by the Insured shall not exceed 125% of the lowest cost of the above.
- d. Subject to the applicable Limit of Insurance, all other Covered Property not addressed in paragraphs a., b. or c. above will be valued on an “actual cash value” basis.

#### **F. Who Is An Insured**

Each of the following is an Insured to the extent set forth below:

1. The Named Insured shown in the Declarations and all affiliated, associated, or subsidiary organizations;
2. Any individual or entity under the management or operating control of any of the organizations designated in paragraph 1.; and
3. Lessors, mortgagors, and other parties having an interest in buildings, fixed equipment, “mobile equipment”, personal property or rental income of any of the entities designated in 1. and 2. above but only for their respective rights and interests.

#### **G. Definitions**

1. “Accounts receivable” means all sums due the Insured from customers.
2. “Actual cash value” means the cost to replace Covered Property less depreciation.
3. “Auto” means a land motor vehicle, trailer or semi- trailer designed for travel on public roads but does not include “mobile equipment”.
4. “Earthquake” means any earth sinking, rising or shifting as a result of seismic activity, including the natural faulting of land masses.
5. “Electronic data” is a fact, concept, instruction or program that is converted into a “media” form that can be used in a data processing operation.
6. “Emergency operations” means actions:
  - (a) Which are urgent responses necessary for protection of property, human life, health or safety;
  - (b) Which result from the performing or attempting to perform fire fighting services, hazardous materials unit services, first aid, ambulance or rescue squad services, or related services, including the stabilizing or securing of an emergency scene; and
  - (c) Which are sanctioned by an Insured.

7. "Extra expense" means the actual loss sustained that is excess of the total cost incurred during the period of restoration chargeable to the operation of the Insured's business, over and above the total cost that would normally have been incurred to conduct the business during the same period had no damage or destruction occurred. Any salvage value of property obtained for temporary use during the period of restoration, which remains after the resumption of normal operations, will be deducted in the adjustment of any loss.
8. "Fine arts" means paintings, etchings, pictures, tapestries, art, glass windows, valuable rugs, statuary, marble, bronze, antique silver, manuscripts, porcelain, rare glass, bric-a-brac and similar property of rarity, historical value or artistic merit.
9. "Geomembrane covers" means the rubber or polymetric cover of a water storage or treatment facility which is exposed to the elements. It also includes rubber or polymetric water storage structures which are of single-piece construction if the surface is exposed to the elements. It does not include the lining of such structures or facilities if constructed or installed separately from the cover.
10. "Media" is the material on which "data" is recorded, including but not limited to diskettes, digital discs, drives, magnetic tapes, disk packs, drums, paper tapes, cards and programs.
11. "Mobile equipment" means equipment, implements, tools and watercraft. However, "mobile equipment" does not include:
  - (a) Aircraft;
  - (b) "Autos";
  - (c) Plans, blueprints, designs or specifications;
  - (d) Property which has become a part of any structure;
  - (e) Property other than watercraft while underground, underwater, airborne or waterborne (except while being transported on a regular ferry line);
  - (f) Property while leased, loaned or rented to others, unless such lease, loan or rental includes an equipment operator employed by the Insured; and
  - (g) "Emergency service portable equipment".
12. "Penstock" means a conduit constructed of manmade materials built for the purpose of conveying water to a hydroturbine. "Penstock" does not include tunnels, canals, aqueducts or similar excavations, or the cost of these excavations, which are excavated from or consist of natural materials.
13. "Pollutants" means any solid, liquid, gaseous, or thermal irritant or contaminant, including but not limited to asbestos, smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste material (whether such materials are intended to be or have been recycled, reconditioned or reclaimed) which are designated as "pollutants" in listings published by the United States Environmental Protection Agency (U.S.E.P.A) or by any other governmental authority, or if unlisted, exhibits the characteristics of ignitibility, corrosivity, reactivity or toxicity to a degree which would cause them to be so listed if the subject were to be addressed by the U.S.E.P.A. or by any other governmental authority.
14. "Rental value" is defined as the sum of:

- (a) The total anticipated gross rental income from tenant occupancy of real property as furnished and equipped by the Insured;
- (b) The amount of all charges which are the legal obligations of the tenant(s) and which would otherwise be obligations of the Insured; and
- (c) The fair "rental value" of any portion of said property which is occupied by the Insured.

In determining the "rental value", due consideration will be given to the rental experience before the date of damage or destruction and the probable experience had no direct physical loss or damage occurred.

- 15. "Replacement cost value" means the cost to replace Covered Property with like kind and quality without deducting for depreciation.
- 16. "Specified cause of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; volcanic action; collision; upset or overturn; vandalism; sprinkler leakage; or falling objects.
- 17. "Vacant building" means any building that:
  - (a) Does not contain enough contents to conduct customary operations; or
  - (b) Has no portion occupied or in use.

A building which otherwise meets this definition of "vacant building" will not be considered a "vacant building" if there are other occupied buildings on the same premises. A building under construction or renovation will not be considered a "vacant building".

- 18. "Valuable papers and records", means written, printed or otherwise inscribed documents and records including, but not limited to, books, maps, films, drawings, abstracts, deeds, mortgages and manuscripts.

However, "valuable papers and records" does not mean money or securities, "electronic data", including "media". Money includes currency, coins, bank notes, travelers checks, register checks and money orders. Securities include negotiable and non-negotiable instruments or contracts representing either money or other property, such as tokens, tickets, revenue and other stamps and evidences of debt issued in connection with credit or charge cards.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****LIMITED COVERAGE - "FUNGUS", WET ROT, DRY ROT AND BACTERIA**

This endorsement modifies insurance provided under the following:

**PROPERTY AND INLAND MARINE COVERAGE PART – WATER DISTRICTS INSURANCE PROGRAM****SCHEDULE**

**"Fungus", Wet Rot, Dry Rot or Bacteria Sublimit of Insurance** \$ 15,000

**"Fungus", Wet Rot, Dry Rot or Bacteria - Loss of Income/Extra Expense** 45 Days

I. Exclusion **8.** under Section **B. Exclusions and Limitations** is deleted and replaced by the following:

- 8.** Moths, vermin, termites, or other insects, inherent vice, latent defect, wear, tear or gradual deterioration, contamination, rust or other corrosion or the normal settling, shrinkage, or expansion of the building or foundation. This exclusion does not apply to loss or damage by a cause of loss not otherwise excluded.

II. The following exclusions are added to Section **B. Exclusions and Limitations**:

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

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

This exclusion does not apply:

- 1.** When "fungus", wet or dry rot or bacteria results from fire or lightning; or
  - 2.** To the extent that coverage is provided in the Coverage Extension for 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.
- B.** 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.

III. The following coverage extension is added to Section **A. Coverage**, Part **4. Coverage Extensions**:

**Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria**

- 1.** The coverage described in paragraphs **2.** and **5.** below only applies when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.

- a. A "specified cause of loss" other than fire or lightning; or
  - b. Flood, if the Flood Coverage Sublimit endorsement applies to the affected premises.
2. We will pay for loss or damage by "fungus", wet rot 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 most we will pay for loss or damage for the Limited Coverage described under paragraph 2. is the "Fungus", Wet Rot, Dry Rot or Bacteria Sublimit of Insurance shown in the Schedule above.

Regardless of the number of claims, this sublimit 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 the "Fungus", Wet Rot, Dry Rot or Bacteria Sublimit of Insurance shown in the Schedule above even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, 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 causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The following, **5.a.** or **5.b.**, applies only if the Loss of Income and/or Extra Expense Coverage Extensions apply to the described premises and only if the suspension of operations satisfies all terms and conditions of the applicable Loss of Income and/or Extra Expense Coverage Extensions.
  - 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 Loss of Income and/or Extra Expense Coverage Extensions is limited to the amount of loss and/or expense sustained in a period of not more than the number of days shown in the Schedule above for "Fungus", Wet Rot, Dry Rot or Bacteria - Loss of Income/Extra Expense. 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 the number of days shown in the Schedule above for “Fungus”, Wet Rot, Dry Rot or Bacteria – Loss of Income/Extra Expense. The days need not be consecutive.

**IV.** The following is added to Paragraph **g. Demolition and Increased Cost of Construction** in Section **A. Coverage**, Part **4. Coverage Extensions**:

Under this Coverage Extension, we will not pay for:

1. The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to the presence, growth, proliferation, spread or any activity of “fungus”, wet or dry rot or bacteria; or
2. Any costs associated with the enforcement of an ordinance of 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 “fungus”, wet or dry rot or bacteria.

**V.** The following definition is added to Section **G. Definitions**:

“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.



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

**SUBMERSIBLE PUMPS COVERAGE**

This endorsement modifies insurance provided under the following:

**PROPERTY AND INLAND MARINE COVERAGE PART – WATER DISTRICTS INSURANCE PROGRAM**

**I.** Section **A. Coverage**, Part **2. Property Not Covered**, paragraph **O.** is deleted in its entirety.

**II.** The following is added to Section **A. Coverage**, Part **1. Covered Property**:

Submersible pumps located 50 feet or more below the surface of the ground.

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

This endorsement modifies insurance provided under the following:

**PROPERTY AND INLAND MARINE COVERAGE PART – WATER DISTRICTS INSURANCE PROGRAM**

- I. The following Coverage Extension is added to Section **A. Coverage**, Part **4. Coverage Extensions**:

**Equipment Breakdown****1. Coverage**

We will pay for loss caused by or resulting from an “accident” to “covered equipment” except as excluded in paragraph **2.** below.

**2. Exclusions**

- a.** Under this Coverage Extension, we will not pay for loss or damage caused by or resulting from:
- (1)** Depletion, deterioration, corrosion, erosion or other gradually developing conditions. But if loss or damage from an “accident” results, we will pay for that resulting loss or damage.
  - (2)** A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an insulation breakdown test of any type of electrical equipment.
  - (3)** Any defect, virus, loss of “electronic data” or other situation within “media”. But if loss or damage from an “accident” results, we will pay for that resulting loss or damage.
- b.** We will not pay for loss, damage or expense caused directly or indirectly by the following, whether or not caused by or resulting from an “accident”: Any mold, fungus, mildew or yeast, including any spores or toxins produced by or emanating from such mold, fungus, mildew or yeast. This includes, but is not limited to, costs arising from clean up, removal, or abatement of such mold, fungus, mildew or yeast, spores or toxins. However, this exclusion does not apply to spoilage of personal property that is “perishable goods,” to the extent that spoilage is covered under Spoilage coverage.
- c.** In addition to the exclusions listed in **a.** above, all exclusions and limitations under Section B. Exclusions and Limitations apply, except exclusion 17.

**3. Additional Coverages**

The following coverages also apply to loss caused by or resulting from an “accident” to “covered equipment”. These coverages do not provide additional amounts of insurance. The limit of your insurance under each of these coverages for loss or damage arising from any “one accident” is the amount indicated below.

**a. Expediting Expenses**

With respect to your damaged Covered Property, we will pay the reasonable cost to:

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

The most we will pay for loss under this coverage is \$100,000.

**b. Hazardous Substances**

We will pay for the additional cost to repair or replace Covered Property because of contamination by a hazardous substance. This includes the additional costs to clean up or dispose of such property.

Hazardous substance means any substance other than ammonia that has been declared to be hazardous to health by a governmental agency.

Additional costs mean those costs beyond what would have been required had no hazardous substance been involved.

The most we will pay for loss under this coverage, including actual loss of income you sustain and necessary "extra expense" you incur, and loss under Spoilage coverage, is \$100,000.

**c. Spoilage**

We will pay for your loss of "perishable goods" due to spoilage.

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

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

The most we will pay for loss under this coverage is \$100,000.

**d. Ammonia Contamination**

We will pay for your loss of "perishable goods" due to contamination from the release of refrigerant, including but not limited to ammonia.

The most we will pay for loss under this coverage is \$100,000.

**e. Computer Equipment**

We will pay for loss or damage caused by or resulting from an "accident" to computer equipment.

Computer equipment means Covered Property that is electronic computer or other data processing equipment, including, "media" and peripherals used in conjunction with such equipment.

The most we will pay for loss or damage under this coverage, including actual loss of income you sustain and necessary "extra expense" you incur, is \$100,000.

Computers used primarily to control or operate "covered equipment" are not subject to this limitation.

**f. Data Restoration**

We will pay for your cost to research, replace and restore "data", including programs and operating systems, that are lost or corrupted due to an "accident".

The most we will pay for loss under this coverage is \$100,000.

**4. Deductible**

The deductible shown in the Supplemental Declarations applies unless a separate Equipment Breakdown Deductible is shown in the Equipment Breakdown Schedule.

As respects coverage provided by this endorsement, Section **D. Deductible** is deleted and replaced by the following provisions.

If deductibles vary by type of "covered equipment" and more than one type of equipment is involved in any "one accident", the highest deductibles will apply.

**a. Direct and Indirect Coverages**

Direct Coverages Deductibles apply to all loss or damage covered by the Equipment Breakdown Coverage Extension, with the exception of those coverages subject to the Indirect Coverages Deductibles as noted below.

Unless more specifically indicated in the Equipment Breakdown Schedule, the Indirect Coverages Deductibles apply to loss of income and "extra expense".

**b. Application of Deductibles**

**(1) Dollar Deductibles**

If a Dollar Deductible is shown in the Supplemental Declarations or the Equipment Breakdown Schedule, whichever applies, we will not pay for loss or damage resulting from any "one accident" until the amount of loss or damage exceeds the applicable Dollar Deductible shown in the Supplemental Declarations or the Equipment Breakdown Schedule, whichever applies. We will then pay the amount of loss or damage in excess of the applicable Dollar Deductible, up to the applicable Limit of Insurance.

**(2) Time Deductible**

If a Time Deductible is shown in the Equipment Breakdown Schedule, we will not be liable for any loss or damage resulting from an "accident" to "covered equipment" occurring during the specified number of hours or days immediately following the "accident".

If a Time Deductible is expressed in days, each day shall mean twenty-four (24) consecutive hours.

Once the Time Deductible has expired, we will then pay the amount of loss or damage up to the applicable Limit of Insurance.

## 5. Conditions

### Suspension

When 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 an "accident" to that "covered equipment". We can do this by mailing or delivering a written notice of suspension to your address as shown in the Declarations, or at the address where the equipment is located.

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

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

## 6. Definitions

- a. "Accident" means a fortuitous event that causes direct physical damage to "covered equipment." The event must be one of the following:
- (1) Mechanical breakdown, including rupture or bursting caused by centrifugal force;
  - (2) Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;
  - (3) Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
  - (4) Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
  - (5) Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.
- b. "Covered equipment" means Covered Property built to operate under vacuum or pressure, other than weight of contents, or used for the generation, transmission or utilization of energy.

"Covered equipment" does not mean:

- (1) Structures, foundations, cabinets, compartments or air supported structure or building;
- (2) Insulating or refractory material;
- (3) Sewer piping, underground vessels or piping, or piping forming a part of a sprinkler system;
- (4) Water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
- (5) Vehicle, aircraft, floating vessel, "mobile equipment" or any equipment mounted on such vehicle, aircraft, floating vessel or "mobile equipment". However, any property that is stationary, permanently installed at a covered location and that receives electrical power

from an external power supplier will not be considered a vehicle, aircraft, floating vessel or "mobile equipment";

- (6)** Dragline, excavation or construction equipment; or
  - (7)** Equipment manufactured by you for sale.
- c.** "One accident" means if an initial "accident" causes other "accidents", all will be considered "one accident". All "accidents" that are the result of the same event will be considered "one accident".
  - d.** "Perishable goods" means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.

The most we will pay for loss or damage under this endorsement is the applicable Limit of Insurance shown in the Supplemental Declarations. Coverage provided under this endorsement does not provide an additional amount of insurance.

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

**KENTUCKY CHANGES**

This endorsement modifies insurance provided under the following:

**PROPERTY AND INLAND MARINE COVERAGE PART – WATER DISTRICTS INSURANCE PROGRAM**

I. Section B. Exclusions and Limitations, Exclusion 21. is deleted and replaced by the following:

21. a. We will not pay for loss or damage arising out of any act committed:

(1) By or at the direction of any Insured; and

(2) With the intent to cause a loss.

b. 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 and:

(1) The loss arose out of a pattern of domestic violence and abuse; and

(2) The perpetrator of the loss is criminally prosecuted for the act causing the loss.

c. If we pay a claim pursuant to paragraph 21.b. above, 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.

II. As respects this endorsement, the following is added to paragraph Q. Transfer of Rights of Recovery Against Others to Us condition in the COMMON POLICY CONDITIONS:

If we pay an innocent co-Insured for a loss described in paragraph 21.b. above, 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.

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

## **EXCLUSION OF CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
LIQUOR 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

**A.** The following exclusion is added:

This insurance does not apply to:

**TERRORISM**

"Any injury or damage" arising, directly or indirectly, out of a "certified act of terrorism".

**B.** The following definitions are added:

1. For the purposes of this endorsement, "any injury or damage" means any injury or damage covered under any Coverage Part to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage", "personal and advertising injury", "injury" or "environmental damage" as may be defined in any applicable Coverage Part.

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

a. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and

b. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

c. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Coverage Part.



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

**EXCLUSION – COMMUNICABLE DISEASE**

This endorsement modifies insurance provided under the following:

**COMMERCIAL LIABILITY COVERAGE FORM WATER DISTRICTS INSURANCE PROGRAM**

**SECTION I – COVERAGES, B. Exclusions** is amended to include the following additional exclusion:

This insurance does not apply to “bodily injury,” “property damage,” “personal and advertising injury,” “professional liability,” “wrongful acts” or “acts, errors or omissions” arising out of the actual, alleged, threatened or suspected transmission of a communicable disease.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the:

1. Supervising, hiring, employing, training or monitoring of others that may be infected with and spread a communicable disease;
2. Testing for a communicable disease;
3. Failure to prevent the presence of the disease; or
4. Failure to report the disease to authorities.

All other terms and conditions of this policy remain unchanged.

## COMMERCIAL LIABILITY COVERAGE FORM WATER DISTRICTS INSURANCE PROGRAM

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

Throughout this coverage part the words “you,” “your” and “Named Insured” refer to the entity identified as Named Insured in the Declarations.

The words “insured” or “insureds” mean any person or organization qualifying as an “insured” under **SECTION II – WHO IS AN INSURED.**

The words “we,” “us,” “our” and “Company” refer to the company stated in the Declarations as providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to **SECTION V – DEFINITIONS** and other provisions of this policy for such meanings.

All coverages included in this policy are subject to the Common Policy Conditions.

### SECTION I – COVERAGES

#### A. Insuring Agreement

We shall pay on behalf of the insured those sums that the insured becomes legally obligated to pay as damages because of “bodily injury,” “property damage,” “personal and advertising injury,” “professional liability,” “wrongful acts” or “acts, errors or omissions” to which this insurance applies. We shall have the right and duty to defend the insured against any “suit” seeking those damages, even if the allegations are groundless, false or fraudulent. However, we will have no duty to defend the insured against any “suit” seeking those damages to which this insurance does not apply. We may, at our discretion, investigate any “occurrence,” offense, error, omission, “wrongful act” or “act, error or omission” and settle any claim or “suit” that may result. We will not be obligated to pay any claim or judgment or to defend any “suit” after our Limit of Insurance has been exhausted.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under **SUPPLEMENTARY PAYMENTS** .

#### 1. Bodily Injury and Property Damage

This insurance applies to “bodily injury” and “property damage” occurring during the policy period only if the “bodily injury” or “property damage” is caused by an “occurrence” that takes place in the “coverage territory.”

Coverage also applies to “bodily injury” or “property damage” arising out of the insured’s product but only if the “bodily injury” or “property damage” occurs:

- a. Away from the premises owned by or rented to the insured; and
- b. After physical possession of the insured’s products has been relinquished to others.

#### 2. Personal and Advertising Injury

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.

### 3. Professional Liability

This insurance applies to “professional liability” caused by an error or omission in the “coverage territory” during the policy period only by a water or wastewater district, or other entity whose primary duties are the distribution and treatment of water or wastewater, committed solely in the conduct of testing and treating water or wastewater.

Coverage is extended to include “professional liability” caused by an error or omission committed prior to the policy period and after the Retroactive Date shown in the Declarations, provided that:

- a. At the inception of the policy period, a “responsible insured” neither knew nor could have reasonably foreseen that such offense might have been the basis of a claim or “suit”; and
- b. No other valid or collectible insurance applies to the “professional liability.”

In the event of a claim, coverage for the error or omission shall be assigned to only one policy (whether issued by us or any other insurer) and if that is this policy, only one limit of insurance shall apply.

### 4. Wrongful Acts

This insurance applies to “wrongful acts”

Coverage is extended to include damages or injuries caused by “wrongful acts” committed prior to the policy period and after the Retroactive Date shown in the Declarations, provided that:

- a. At the inception of the policy period, a “responsible insured” neither knew nor could have reasonably foreseen that such “wrongful act” might have been the basis of a claim or “suit”; and
- b. No other valid or collectible insurance applies to the “wrongful act.”

In the event of a claim, coverage for the “wrongful act” shall be assigned to only one policy (whether issued by us or any other insurer) and if that is this policy, only one limit of insurance shall apply.

### 5. Employee Benefits Liability

This insurance applies to damages arising out of the “act, error or omission” of the insured, or of any other person for whose acts the insured is legally liable.

The “act, error or omission” must be committed in the “administration” of the insured’s “employee benefit program.”

The “act, error or omission” must take place in the “coverage territory” and occur during the policy period.

Coverage is extended to include “acts, errors or omissions” committed prior to the policy period and after the Retroactive Date shown in the Declarations provided that:

- a. At the inception of the policy period, a “responsible insured” neither knew nor could have reasonably foreseen that such “act, error or omission” might have been the basis of a claim or “suit”; and
- b. No other valid or collectible insurance applies to the “act, error or omission.”

In the event of a claim, coverage for the “act, error or omission” shall be assigned to only one policy (whether issued by us or any other insurer) and if that is this policy, only one limit of insurance shall apply.

## **B. Exclusions**

This insurance does not apply to:

### **1. Aircraft**

Liability of damages arising out of the ownership, maintenance, use, “loading or unloading” of aircraft by you.

### **2. Airport**

“Bodily injury” or “property damage” arising out of the ownership, maintenance, operation, or use of any airfield equipped with Federal Aviation Administration controlled towers, including all runways, hangars, buildings or other properties in connection with aviation activities or any other use of airport facilities or properties.

### **3. Asbestos**

Any claim, “suit,” demand or loss that alleges “bodily injury,” “property damage,” “personal and advertising injury,” “professional liability,” “wrongful act,” or “act, error or omission” (including but not limited to, compliance with any request, demand, order or statutory or regulatory requirement or any other action authorized or required by law) including any costs, fees, expenses, penalties, judgments, fines, or sanctions arising therefrom, which arises out of, or would not have occurred, in whole or in part, but for the “asbestos hazard.”

As used in this exclusion, “asbestos hazard” means:

- a.** Actual, alleged or threatened exposure to asbestos in any manner or form whatsoever, either directly or indirectly;
- b.** The failure to warn, advise or instruct related to asbestos in any manner or form whatsoever;
- c.** The failure to prevent exposure in any manner or form whatsoever; or
- d.** The presence of asbestos in any place whatsoever, whether or not within a building or structure.

However, this exclusion shall not apply to “bodily injury,” “property damage,” “personal and advertising injury,” “professional liability,” “wrongful act” or “act, error or omission,” arising out of “potable water” which is provided by the insured to others.

### **4. Auto**

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

This exclusion does not apply to:

- a.** Parking an “auto” on, or on the ways next to, premises you own or rent, provided the “auto” is not owned by or rented or loaned to you or the insured; or

- b. "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in Paragraph **6.b.** or **6.c.** of the definition of "mobile equipment."

#### **5. Contractual Liability**

"Bodily injury," "property damage" or "professional liability" 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:

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

#### **6. Cost Estimates and Failure to Award Contracts**

Liability for damages arising out of estimates of probable costs, or cost estimates being exceeded, or failure to award contracts in accordance with statute or ordinance which under law must be submitted for bids.

#### **7. Criminal Acts**

Any "bodily injury," "property damage," "personal and advertising injury," "professional liability," "wrongful act" or "act, error or omission" claim arising out of any actual dishonest, fraudulent, criminal or malicious act or omission by any insured, however this exclusion:

- a. Applies only if a judgment or other final adjudication establishes affirmative dishonest, fraudulent, criminal or malicious intent on the part of the insured material to the cause of action so adjudicated; and
- b. Does not apply to any other insured unless the act or omission was committed with the prior knowledge or participation of such other insured.

#### **8. Damage To Property**

"Property damage" to:

- a. Property owned by the insured; or
- b. Property rented to or leased to the insured where the insured has assumed liability under contract for damage to or destruction of such property, unless the insured would have been liable in the absence of such contract.

#### **9. Employee Benefits Liability Exclusions**

The following exclusions apply only to damages arising out of any "act, error or omission" committed in the "administration" of the insured's "employee benefit program":

- a. Loss arising out of failure or performance of contract by any insurer, or any other party, including the insured, obligated to afford benefits;
- b. Loss arising out of an insufficiency of funds to meet any obligations under any plan included in the "employee benefit program";

- c. Any claim or "suit" based upon:
  - (1) Failure of any investment to perform as represented by an insured;
  - (2) 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"; or
  - (3) The investment or non-investment of funds;
- d. Loss arising out of your failure to comply with the mandatory provisions of any law concerning workers' compensation, unemployment insurance, social security or disability benefits; or
- e. Loss or damage for which benefits have accrued under the terms of your "employee benefit program" to the extent that such benefits are available from funds accrued by the insured for such benefits or from collectible insurance, notwithstanding the insured's "act, error or omission" in administering the plan which precluded the claimant from receiving such benefits.
- f. 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.
- g. Damages arising out of wrongful termination of employment, discrimination, or other employment-related practices.

#### 10. Employers' Liability

"Bodily injury" to:

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

This exclusion applies:

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

This exclusion only applies to "volunteer workers" if you are legally required to provide insurance covering the "volunteer worker" under any workers compensation or disability benefits laws, or similar laws, and you fail to do so.

This exclusion does not apply to liability assumed by the insured under an "insured contract."

#### 11. 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 taken to protect persons or property.

## 12. Failure to Perform or Breach of Contract

Liability for damages arising out of failure to perform or breach of a contractual obligation. This exclusion does not apply to liability for damages arising out of the failure to:

- a. Supply water; or
- b. Supply sewage services.

This exclusion also does not apply to any “act, error or omission” committed in the “administration” of the insured’s “employee benefit program.”

## 13. Mobile Equipment

“Bodily injury” or “property damage” arising out of:

- a. The transportation of “mobile equipment” by an “auto” owned or operated by or rented or loaned to any insured; or
- b. The use of “mobile equipment” in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

## 14. Nuclear Energy Liability

a. Liability or damages:

- (1) With respect to which the insured under this policy is an insured under a nuclear energy liability policy issued by the Nuclear Energy Liability Insurance Association, the Mutual Atomic Energy Liability Underwriters, the American Nuclear Insurers, or the Nuclear Insurance Association of Canada, or any successor organizations, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability;
- (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; or
- (3) Resulting from the “hazardous properties” of “nuclear material” if:
  - (a) The “nuclear material”:
    - (i) Is at any “nuclear facility” owned by, or operated by or on behalf of, the insured; or
    - (ii) Has been discharged or dispersed therefrom;

- (b)** The “nuclear material” is contained in “spent fuel” or “waste” at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of the insured; or
- (c)** The “bodily injury” or “property damage” arises out of the furnishing by the 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 subsection **(c)** applies only to “property damage” to such “nuclear facility” and any property thereat.

**b.** As used in this exclusion:

- (1)** “Hazardous properties” include radioactive, toxic or explosive properties.
- (2)** “Nuclear facility” means:
  - (a)** Any “nuclear reactor”;
  - (b)** Any equipment or device designed or used for:
    - (i)** Separating the isotopes of uranium or plutonium;
    - (ii)** Processing or utilizing “spent fuel”; or
    - (iii)** Handling, processing or packaging “waste”;
  - (c)** Any equipment or device used for the processing, fabricating or alloying of “special nuclear material” if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233, or 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.
- (3)** “Nuclear material” means “source material,” “special nuclear material” or “byproduct material.”
- (4)** “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.
- (5)** “Property damage” includes all forms of radioactive contamination of property.
- (6)** “Source material,” “special nuclear material,” and “byproduct material” have the meaning given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.
- (7)** “Spent fuel” means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a “nuclear reactor.”
- (8)** “Waste” means any waste material:



- (a) Containing “byproduct 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 within the definition of “nuclear facility” included under (2)(a) and (b) of the definition of “nuclear facility.”

## 15. Personal and Advertising Injury Exclusions

“Personal and advertising injury”:

### a. Knowing Violation of Rights of Another

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

Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity.

### c. Material Published Prior to Policy Period

Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.

### d. Criminal Acts

Arising out of a criminal act committed by or at the direction of the insured.

### e. Contractual Liability

For which the insured has assumed liability in a contract of 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

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

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

Arising out of the wrong description of the price of goods, products or services stated in your “advertisement.”

## 16. Pollution

- a. Liability arising out of:

- (1) "Bodily injury," "property damage," "personal and advertising injury," "professional liability," "wrongful act" or "act, error or omission" which would not have occurred or taken place in whole or in part except for the actual, alleged, or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time; or
- (2) Any loss, cost or expense arising out of any:
  - (a) Request, demand, or order that an Insured, or any others, test for, monitor, clean up, remove, contain, treat, detoxify, 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, removing, containing, treating, detoxifying, neutralizing, or in any way responding to, or assessing the effects of "pollutants."
- b. However, this exclusion shall not apply to "bodily injury," "property damage," "personal and advertising injury," "professional liability," "wrongful act" or "act, error or omission" arising out of the actual, alleged, or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":
  - (1) Arising out of the use, handling, storage, discharge, dispersal, release or escape of any chemical used in the water treatment process;
  - (2) Arising out of explosion, lightning, windstorm, vandalism or malicious mischief, collapse, riot and civil commotion, flood, or earthquake;
  - (3) Arising out of the collision, upset or overturn of equipment;
  - (4) Arising out of the heat, smoke or fumes from a "hostile fire";
  - (5) Arising out of weed abatement or spraying;
  - (6) Arising out of propane or natural gas; or
  - (7) Arising out of "potable water" which is provided by the insured to others.

#### 17. Punitive or Exemplary Damages

Punitive or exemplary damages, statutory multiples of damages, civil or criminal fines or penalties, or any other damages over and above actual damages, by whatever name called, irrespective of whether the insured has taken any action or passed any resolution electing to pay such damages.

#### 18. Selenium

Liability for past, present or future claims arising in whole or in part, either directly or indirectly, out of selenium, or any compound containing selenium.

#### 19. War

"Bodily injury," "property damage," "personal and advertising injury," "professional liability," or "wrongful acts" arising directly or indirectly out of:

- a. War, including undeclared or civil war; or

- 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;

Regardless of any other cause or event that contributes concurrently or in any sequence to the injury or damage.

## 20. Workers' Compensation and Similar Laws

Any obligation of an insured, or any carrier as insurer thereof, under any workers' compensation law, unemployment compensation law, disability benefits law, or under any similar law.

All the exclusions shown above, with the exception of Exclusions **5.** and **11.** do not apply to damage by fire, explosion or sprinkler leakage to premises while rented to you or 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.**

## SUPPLEMENTARY PAYMENTS

- A. We shall pay, with respect to any claim or "suit" we defend:
  - 1. All expenses and "defense costs" we incur.
  - 2. 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.
  - 3. The cost of bonds to release attachments, but only for bond amounts within the limits of insurance. We do not have to furnish these bonds.
  - 4. 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.
  - 5. Up to \$1,000 for the cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which "bodily injury" coverage applies. We do not have to furnish these bonds.
  - 6. 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.
  - 7. 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.
  - 8. The greater of \$5,000 or the applicable limit of insurance shown in the Declarations, in medical expenses for "bodily injury" caused by an accident:
    - a. On premises you own or rent;
    - b. On ways next to premises you own or rent; or

**c.** Because of your operations;

Provided that:

- (1) The accident takes place in the "coverage territory" during the policy period; and
- (2) The expenses are incurred and reported to us within three (3) years from the date of the accident.

We will not pay medical expenses for "bodily injury":

- (a) To any insured;
- (b) To a person hired to do work for or on behalf of any insured or a tenant of any insured;
- (c) To a person injured on that part of the premises you own or rent that the person normally occupies;
- (d) Excluded under **SECTION I – B. Exclusions**;
- (e) Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution;
- (f) To any person injured while taking part in athletics; or
- (g) 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 or a similar law.

**B.** We shall reimburse the insured up to \$5,000 for legal expenses necessarily incurred by the insured in defending a claim seeking relief or redress in any form other than monetary damages. This legal expense coverage does not apply to a dispute between any insured and us. Reimbursable legal expenses are limited to:

- 1. Fees or expenses paid by the insured to an attorney or law firm;
- 2. Fees or expenses paid by the insured to the court having jurisdiction over such claim;
- 3. Fees or expenses paid by the insured to witnesses that testify on the insured's behalf except for any witness who is an insured; or
- 4. The cost of any required court bonds paid by the insured, but we do not have to provide such bonds.

In the event of multiple claims, all of which pertain to the same "occurrence," offense, error, omission, "wrongful act" or "act, error or omission," \$5,000 is the most we will reimburse the insured for all covered legal expenses arising out of all such multiple claims, regardless of the number of claims or claimants.

Coverage under this supplementary payment is extended to include legal expenses necessarily incurred by the insured due to administrative proceedings or other non-judicial dispute resolution forums.

The limits and expenses in this **SUPPLEMENTARY PAYMENTS** section are in addition to the limits afforded under **SECTION III – LIMITS OF INSURANCE**.

## **SECTION II – WHO IS AN INSURED**

The term insured as used herein means the entity designated in the Declarations as the Named Insured and, except as excluded by endorsement to this Coverage Part, the following:

- A.** A governmental agency or subdivision, department, municipal body, board, commission or not-for-profit corporation which is owned and controlled by you.
- B.** All persons who were, now are or shall be elected, appointed or employed as members of your board, commission or agency while acting within the scope of their duties.
- C.** Your “employees” or “volunteer workers” but only for acts within the scope of employment by you or in the course of their duties for you and at your direction.
- D.** Your director, officer, “employee,” “volunteer worker” or appointee while serving on the board of directors of an organization that is a separate and distinct entity not subject to your direction and control, provided:
  - 1.** Such organization was established and is currently chartered as a non-profit organization; and
  - 2.** The primary purpose of such organization is to support and further the efforts and welfare of individuals or organizations that provide water or sewer.
- E.** Any person while providing services under a mutual aid agreement, joint powers agreement or similar arrangement, but only with respect to the conduct of your business and only to the extent of your participation or your interest.
- F.** The legal representative of any deceased natural person as defined in **A.**, **B.**, or **C.** above, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
- G.** Your director or “employee” with respect to “personal and advertising injury” resulting from his or her affiliation with you for acts outside the course and scope of his or her duties. The insurance provided to such individual under this Coverage Part is excess over any other insurance specifically insuring against “personal and advertising injury” for such individual.

## **SECTION III – LIMITS OF INSURANCE**

- A.** The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
  - 1.** Insureds under this Coverage Part;
  - 2.** Claims made or “suits” brought; or
  - 3.** Persons or organizations who sustain injury or damage.
- B.** The Bodily Injury and Property Damage Per Occurrence Limit of Insurance is the most we will pay because of all “bodily injury” and “property damage” arising out of any one “occurrence.” The Bodily Injury and Property Damage Aggregate Limit of Insurance is the most we will pay for all damages because of “bodily injury” and “property damage.”

The Bodily Injury and Property Damage Aggregate Limit of Insurance applies separately to each location owned by you, rented to you, or occupied by you with the permission of the owner.

- C.** The Personal and Advertising Injury Per Person or Organization Limit of Insurance is the most we will pay for damages because of all “personal and advertising injury” sustained by any one person or organization.

The Personal Injury and Advertising Injury Aggregate Limit of Insurance is the most we will pay for all damages because of “personal and advertising injury.”

- D.** The Professional Liability Per Claim Limit of Insurance is the most we will pay for a single claim arising out of “professional liability.” All claims arising out of the same error or omission or interrelated errors or omissions of one or more of the insureds shall be considered a single claim.

The Professional Liability Aggregate Limit of Insurance is the most we will pay for all damages because of “professional liability.”

- E.** The Wrongful Acts Per Claim Limit of Insurance is the most we will pay for a single claim arising out of “wrongful acts.” All claims arising out of the same “wrongful act” or inter-related “wrongful acts” of one or more of the insureds shall be considered a single claim.

The Wrongful Acts Aggregate Limit of Insurance is the most we will pay for all damages because of “wrongful acts.”

- F.** The Employee Benefits Per Person Limit of Insurance is the most we will pay for all damages sustained by any one “benefit employee” including such person’s dependents and beneficiaries, because of an “act, error or omission” committed in the “administration” of the insured’s “employee benefit program.” All claims arising out of the same “act, error or omission” or interrelated “acts, errors or omissions” of one or more of the insureds shall be considered a single claim.

The Employee Benefits Aggregate Limit of Insurance is the most we will pay for all damages because of “acts, errors or omissions” committed in the “administration” of the insured’s “employee benefit program.”

- G.** The Damage to Premises Rented To You Any One Premises Limit of Insurance is the most we will pay for damages because of “property damage” to any one premises, while rented to you, or in the case of damage by fire, explosion or sprinkler leakage, while rented to you or occupied by you with permission of the owner.

If more than one Limit of Insurance in the Declarations applies to an “occurrence,” offense, error, omission, “wrongful act,” “act, error or omission” or claim, or series of related “occurrences,” offenses, errors, omissions, “wrongful acts,” “acts, errors or omissions” or claims, the most we will pay for the sum of all damages for “bodily injury,” “property damage,” “personal and advertising injury,” “professional liability,” “wrongful acts” and “acts, errors or omissions” is the highest available Per Occurrence, Per Person or Organization, Per Claim or Per Person Limit of Insurance. Multiple applicable Limits of Insurance shall not be aggregated.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than twelve (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 twelve (12) months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

#### **SECTION IV – CONDITIONS**

**Other Insurance**

The insurance afforded by this Coverage Part shall be excess of, and shall not contribute with:

1. Any valid and collectible insurance or self-insurance; or
2. Any other primary insurance available to you covering liability for damages arising out of the premises and operations for which you have been added as an additional insured.

When this Coverage Part 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 Coverage Part; and
- b. The total of all deductible and self-insured amounts under that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this condition and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

If all 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 all insurers.

**SECTION V – DEFINITIONS**

- A. "Act, error or omission" means the failure to execute a required action, or a mistaken action committed in the "administration" of the insured's "employee benefit program."
- B. "Administration" means:
  1. Providing information to "benefit employees," including their dependents and beneficiaries, with respect to eligibility for or scope of the "employee benefit program";
  2. Interpreting the "employee benefit program";
  3. Handling records in connection with the "employee benefit program"; or
  4. Effecting, modifying or terminating any "benefit employee's" participation in a plan included in the "employee benefit program."

"Benefit employee" includes "employees" whether actively employed, disabled or retired.

- C. "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:
  1. Notices that are published include material placed on the Internet or on similar electronic means of communication; and

2. 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.

**D. "Auto" means:**

1. A land motor vehicle, trailer or semi trailer 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 in the state where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".

- E. "Bodily injury" means bodily injury, sickness or disease sustained by a person. It includes death or mental anguish which result at any time from such physical harm, physical sickness or physical disease.**

Mental anguish means any type of mental or emotional illness or disease.

"Bodily injury" also includes any resulting care and loss of services by any person or persons.

**F. "Coverage territory" means:**

1. The United States of America (including its territories and possessions), Puerto Rico and Canada;
2. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation to or from any place included in 1. above; or
3. Anywhere in the world:
  - a. If the injury or damage arises out of the activities of a person whose residence is in the territory described in 1. above; and
  - b. The insured's responsibility to pay damages is determined in an actual trial in the territory described in 1. above or in a settlement we agree to.

- G. "Defense costs" means reasonable fees charged by an attorney and all other reasonable fees, costs and expenses attributable to the investigation, defense or appeal of a claim to which this insurance applies, except salaries of "employees" of the insured and the office expenses of the insured.**

- H. "Employee" includes a "leased worker" and a "temporary worker."**

"Benefit employee" includes "employees" whether actively employed, disabled or retired.

- I. "Employee benefit program" means the following plans:**

1. Group life insurance, group accident or health insurance, profit sharing plans, pension plans and stock subscription plans, provided such insurance or plans are:
  - a. Equally available to all eligible "benefit employees"; and
  - b. That no one other than an eligible "benefit employee" may subscribe to such insurance or plans; or



**2. Unemployment insurance, social security benefits, workers' compensation and disability benefits.**

As used for this coverage, "benefit employee" includes "employees" whether actively employed, disabled or retired.

- J.** "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
- K.** "Insured contract" means:
- 1.** A lease of premises. However, that portion of the lease that indemnifies any person or organization for damage by fire, explosion or sprinkler leakage to premises while rented to you or occupied by you with permission of the owner is not an "insured contract";
  - 2.** A sidetrack agreement;
  - 3.** Any easement or license agreement;
  - 4.** An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
  - 5.** An elevator maintenance agreement; or
  - 6.** 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 **6.** does not include that part of any contract or agreement:

- a.** That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
    - (1)** Preparing, approving, or failing to prepare or approve, maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or
    - (2)** Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage;
  - b.** 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 **a.** above and supervisory, inspection, architectural or engineering activities;
  - c.** That indemnifies any person or organization for damage by fire, explosion or sprinkler leakage to premises while rented to you or occupied by you with permission of the owner.
- L.** "Leased worker" means a person leased to the insured by a labor leasing firm under an agreement between the insured and the labor leasing firm, to perform duties related to the conduct of the insured's operations. A "leased worker" does not include a "temporary worker."
- M.** "Liquid" shall not mean domestic water; agricultural water; recycled water; or water furnished to commercial users.
- N.** "Loading or unloading" means the handling of property:

1. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
2. While it is in or on an aircraft, watercraft or "auto"; or
3. 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."

- O.** "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 **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;
  6. Vehicles not described in **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 and well servicing equipment.

However, "mobile equipment" does not include any land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos."

- P.** "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
- Q.** "Personal and advertising injury" means injury arising out of one or more of the following offenses:
1. False arrest, malicious prosecution or willful detention;
  2. Libel, slander or defamation of character;
  3. Wrongful entry or eviction, or other invasion of the right of private occupancy of a room;
  4. Assault and battery;
  5. Non-employment discrimination prohibited by law or violation of federal civil rights laws, not intentionally committed by or at the direction of an insured.
  6. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
  7. Oral or written publication of material that violates a person's right of privacy;
  8. Misappropriation of advertising ideas or style of doing business; or
  9. Infringement of copyright, title or slogan.
- R.** "Pollutants" mean any solid, semi-solid, noise, "liquid," gaseous or thermal irritant or contaminant, including smoke, vapor, soot, mists, fumes, acids, alkalis, chemicals, biological and other etiologic agents or materials, genetically engineered materials, teratogenic, carcinogenic and mutagenic materials, waste material and any other irritant or contaminant. Waste materials includes materials that are intended to be or have been recycled, reconditioned or reclaimed.
- "Pollutants" does not include:
1. Sewage that emanates from a sewer line or sewer system; or
  2. Sewage that backs up from a sewer line or sewer system.
- S.** "Potable water" means water intended and provided for human consumption.
- T.** "Professional liability" means liability for damages resulting from any error or omission arising out of your professional activities as a water or wastewater district, or any other entity whose primary duty is the distribution and treatment of water or wastewater.
- U.** "Property damage" means:
1. Physical injury to or destruction of tangible property, including all resulting loss of use of that property; and

2. Loss of use of tangible property that has not been physically injured or destroyed.
- V. "Responsible insured" means the Chief Executive Officer, Chief Financial Officer, Chairman or General Counsel of the Named Insured or any person or entity described in **SECTION II – WHO IS AN INSURED**, Paragraph A.
- W. "Suit" means a civil proceeding in which damages are alleged because of "bodily injury," "property damage," "personal and advertising injury," "professional liability," "wrongful acts" or "acts, errors or omissions" to which this insurance applies. "Suit" includes:
1. An arbitration proceeding in which such damages are claimed and to which an insured must submit or does submit with our consent; or
  2. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.
- X. "Temporary worker" means a person who is furnished to the insured to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.
- Y. "Wrongful act" means any actual or alleged error, omission, misstatement, misleading statement, neglect or breach of duty by any insured in the discharge of his or her duties for you, including service with any other entity at your direction, except for the following:
1. Willful commission of a crime or other dishonest, fraudulent, or malicious act;
  2. Obtaining financial gain to which the insured is not legally entitled; or
  3. Faulty preparation or approval of maps, plans, reports, surveys, designs, bid documents, or specifications; but this exception does not apply to reports provided to any other water purveyor.

Notwithstanding the above exceptions, "wrongful act" also means:

- a. Violations of antitrust statutes; and
- b. Negligent ministerial acts.

"Wrongful act" does not include an error or omission resulting in "professional liability."

- Z. "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.

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

**DEDUCTIBLE LIABILITY ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**COMMERCIAL LIABILITY COVERAGE FORM WATER DISTRICTS INSURANCE PROGRAM**

**SCHEDULE**

Coverage	Amount and Basis of Deductible	
	Per Occurrence, Error or Omission or Wrongful Act	Per Claim
Bodily Injury Liability	\$ Per Occurrence	\$ Per Claim
Property Damage Liability	\$ Per Occurrence	\$ Per Claim
Professional Liability	\$ 1,000 Per Error or Omission	\$ Per Claim
Wrongful Acts Liability	\$ 1,000 Per Wrongful Act	\$ Per Claim
<p><b>APPLICATION OF ENDORSEMENT</b> (Enter below any limitations on the application of this endorsement. If no limitation is entered, the deductibles apply to damages for all "bodily injury," "property damage," "professional liability," and "wrongful acts" however caused.)</p>		

- A. Our obligation under the Liability Coverage Part to pay damages on your behalf applies only to the amount of damages in excess of any deductible amounts stated in the **SCHEDULE** above as applicable to such coverages.
- B. You may select a deductible amount on either a Per Claim or a Per Occurrence, Per Error Or Omission or Per Wrongful Act basis.

Your selected deductible applies to the coverage option and to the basis of the deductible indicated by the placement of the deductible amount in the **SCHEDULE** above. The deductible amount stated in the **SCHEDULE** above applies as follows:

**1. PER OCCURRENCE OR ERROR OR OMISSION OR WRONGFUL ACT BASIS**

If the deductible amount indicated in the **SCHEDULE** above is on a Per Occurrence, Error Or Omission or Wrongful Act basis, that deductible amount applies as follows:

- a. Under Bodily Injury Liability, to all damages because of "bodily injury";
- b. Under Property Damage Liability, to all damages because of "property damage";
- c. Under Professional Liability, to all damages because of an error or omission; or
- d. Under Wrongful Acts Liability, to all damages because of a "wrongful act,"

As a result of any one "occurrence," error or omission, or "wrongful act," regardless of the number of persons or organizations who sustain damages because of that "occurrence," error or omission, or "wrongful act."

## 2. PER CLAIM BASIS

If the deductible amount indicated in the **SCHEDULE** above is on a Per Claim basis, that deductible applies as follows:

- a. Under Bodily Injury Liability, to all damages sustained by any one person because of "bodily injury";
- b. Under Property Damage Liability, to all damages sustained by any one person because of "property damage";
- c. Under Professional Liability, to all damages sustained by any one person because of an error or omission; or
- d. Under Wrongful Acts Liability, to all damages sustained by any one person because of a "wrongful act,"

As the result of any one "occurrence," error, omission, or "wrongful act."

If damages are claimed for care, loss of services or death resulting at any time from "bodily injury," a separate deductible amount will be applied to each person making a claim for such damages.

With respect to "property damage," person includes an organization.

In the event a claim or "suit" would require the application of more than one deductible, only the highest deductible will apply.

- C. The terms of this insurance, including those with respect to:
  - 1. Our right and duty to defend the insured against any "suits" seeking those damages; and
  - 2. Your duties in the event of an "occurrence," error or omission, "wrongful act," claim or "suit,"

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 paid by us.

All other terms and conditions of this policy remain unchanged.

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

**EXCLUSION – DAMS**

This endorsement modifies insurance provided under the following:

**COMMERCIAL LIABILITY COVERAGE FORM WATER DISTRICTS INSURANCE PROGRAM**

**SECTION I – COVERAGES, B. Exclusions** is amended to include the following additional exclusion:

This insurance does not apply to:

**Dam Failure**

“Bodily injury,” “property damage,” “personal and advertising injury,” “professional liability,” or “wrongful acts” arising out of the rupture, bursting, overtopping, accidental discharge or structural failure of any dam.

All other terms and conditions of this policy remain unchanged.

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

**WRONGFUL ACTS - AMENDED**

This endorsement modifies insurance provided under the following:

**COMMERCIAL LIABILITY COVERAGE FORM WATER DISTRICTS INSURANCE PROGRAM**

**SECTION I – COVERAGES, A. Insuring Agreement, 4. Wrongful Acts** is deleted in its entirety and replaced by the following

**4. Wrongful Acts**

This insurance applies to “wrongful acts” which takes place during the policy period.

Coverage is extended to include damages or injuries caused by “wrongful acts” committed prior to the policy period and after the Retroactive Date shown in the Declarations, provided that:

- a. At the inception of the policy period, a “responsible insured” neither knew nor could have reasonably foreseen that such “wrongful act” might have been the basis of a claim or “suit”; and
- b. No other valid or collectible insurance applies to the “wrongful act.”

In the event of a claim, coverage for the “wrongful act” shall be assigned to only one policy (whether issued by us or any other insurer) and if that is this policy, only one limit of insurance shall apply.

All other terms and conditions of this policy remain unchanged.



## COMMERCIAL 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.k. or E.1.l., 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.g.:

#### 1. Employee Theft

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

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

#### 2. Forgery Or Alteration

a. We will pay for loss resulting 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 2.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 is in addition to the Limit of Insurance applicable to this Insuring Agreement.

### 3. Inside The Premises – Theft Of Money And Securities

a. We will pay for loss of "money" and "securities" inside the "premises" or "banking premises":

(1) Resulting directly from "theft" committed by a person present inside such "premises" or "banking premises"; or

(2) Resulting directly from disappearance or destruction.

b. We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "theft" of "money" and "securities", if you are the owner of the "premises" or are liable for damage to it.

c. We will pay for loss of or damage to a locked safe, vault, cash register, cash box or cash drawer located inside the "premises" resulting directly from an actual or attempted "theft" of or unlawful entry into those containers.

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

a. We will pay for 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. We will pay for 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. We will pay for 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".

#### **5. Outside The Premises**

- a. We will pay for loss of "money" and "securities" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from "theft", disappearance or destruction.
- b. We will pay for 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".

#### **6. Computer Fraud**

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the "premises" or "banking premises":

- a. To a person (other than a "messenger") outside those "premises"; or
- b. To a place outside those "premises".

#### **7. Funds Transfer Fraud**

We will pay for loss of "funds" resulting directly from a "fraudulent instruction" directing a financial institution to transfer, pay or deliver "funds" from your "transfer account".

#### **8. Money Orders And Counterfeit Money**

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

- a. Money orders issued by any post office, express company or bank 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, Your Partners Or Your Members**

Loss resulting from "theft" or any other dishonest act committed by:

- (1) You; or
- (2) Any of your partners or "members"; whether acting alone or in collusion with other persons.

##### **b. Acts Of Employees Learned Of By You Prior To The Policy Period**

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

##### **c. Acts Of Employees, Managers, Directors, Trustees Or Representatives**

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

- (1) Whether acting alone or in collusion with other persons; or
- (2) While performing services for you or otherwise;

except when covered under Insuring Agreement **A.1.**

##### **d. Confidential Information**

Loss resulting from:

- (1) The unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, processing methods or customer lists; or

- (2) The unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information, credit card information or similar non-public information.

**e. Governmental Action**

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

**f. Indirect Loss**

Loss that is an indirect result of 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.
- (3) Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance.

**g. Legal Fees, Costs And Expenses**

Fees, costs and expenses incurred by you which are related to any legal action, except when covered under Insuring Agreement A.2.

**h. Nuclear Hazard**

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

**i. 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.

**j. War And Military Action**

Loss or damage resulting from:

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

**2. Insuring Agreement A.1. does not cover:**

**a. Inventory Shortages**

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

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

**b. Trading**

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

**c. Warehouse Receipts**

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

**3. Insuring Agreements A.3., A.4. and A.5. 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 semi-trailers 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 "banking premises":
  - (a) On the basis of unauthorized instructions;
  - (b) As a result of a threat to do bodily harm to any person;
  - (c) As a result of a threat to do damage to any property;
  - (d) As a result of a threat to introduce a denial of service attack into your computer system;
  - (e) As a result of a threat to introduce a virus or other malicious instruction into your computer system which is designed to damage, destroy or corrupt data or computer programs stored within your computer system;
  - (f) As a result of a threat to contaminate, pollute or render substandard your products or goods; or
  - (g) As a result of a threat to disseminate, divulge or utilize:
    - (i) Your confidential information; or
    - (ii) Weaknesses in the source code within your computer system.

(2) But, this Exclusion does not apply under Insuring Agreement **A.5.** 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 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.6. does not cover:**

**a. Credit Card Transactions**

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

**b. Funds Transfer Fraud**

Loss resulting from a "fraudulent instruction" directing a financial institution to transfer, pay or deliver "funds" from your "transfer account".

**c. 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.

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

**COMPUTER FRAUD**

Loss resulting from the use of any computer to fraudulently cause a transfer of "money", "securities" or "other property".

## 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", other than through consolidation or merger with, or purchase or acquisition of assets or liabilities of, another entity, such "premises" and "employees" shall automatically be covered under this insurance. Notice to us of an increase in the number of "premises" or "employees" need not be given and no additional premium need be paid for the remainder of the Policy Period shown in the Declarations.

#### b. Concealment, Misrepresentation Or Fraud

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

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

#### c. Consolidation – Merger Or Acquisition

If you consolidate or merge with, or purchase or acquire the assets or liabilities of, another entity:

- (1) You must give us written notice as soon as possible and obtain our written consent to extend the coverage provided by this insurance to such consolidated or merged entity or such purchased or acquired assets or liabilities. We may condition our consent by requiring payment of an additional premium; but

- (2) For the first 90 days after the effective date of such consolidation, merger or purchase or acquisition of assets or liabilities, the coverage provided by this insurance shall apply to such consolidated or merged entity or such purchased or acquired assets or liabilities, provided that all "occurrences" causing or contributing to a loss involving such consolidation, merger or purchase or acquisition of assets or liabilities, must take place after the effective date of such consolidation, merger or purchase or acquisition of assets or liabilities.

#### d. Cooperation

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

#### e. Duties In The Event Of Loss

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

- (1) Notify us as soon as possible. If you have reason to believe that any loss (except for loss covered under Insuring Agreement **A.1.** or **A.2.**) involves a violation of law, you must also notify the local law enforcement authorities.
- (2) Submit to examination under oath at our request and give us a signed statement of your answers.
- (3) Produce for our examination all pertinent records.
- (4) Give us a detailed, sworn proof of loss within 120 days.
- (5) Cooperate with us in the investigation and settlement of any claim.

#### f. Employee Benefit Plans

- (1) The "employee benefit plans" shown in the Declarations (hereinafter referred to as Plan) are included as Insureds under Insuring Agreement **A.1.**
- (2) If any Plan is insured jointly with any other entity under this insurance, you or the Plan Administrator must select a Limit of Insurance for Insuring Agreement **A.1.** that is sufficient to provide a Limit of Insurance for each Plan that is at least equal to that required if each Plan were separately insured.

- (3) With respect to loss sustained or "discovered" by any such Plan, Insuring Agreement **A.1.** is replaced by the following:

We will pay for loss of or damage to "funds" and "other property" resulting directly from fraudulent or dishonest acts committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

- (4) If the first Named Insured is an entity other than a Plan, any payment we make for loss sustained by any Plan will be made to the Plan sustaining the loss.
- (5) If two or more Plans are insured under this insurance, any payment we make for loss:
- (a) Sustained by two or more Plans; or
  - (b) Of commingled "funds" or "other property" of two or more Plans;
- resulting directly from an "occurrence" will be made to each Plan sustaining loss in the proportion that the Limit of Insurance required for each Plan bears to the total Limit of Insurance of all Plans sustaining loss.
- (6) The Deductible Amount applicable to Insuring Agreement **A.1.** does not apply to loss sustained by any Plan.

**g. Extended Period To Discover Loss**

We will pay for loss that you sustained prior to the effective date of cancellation of this insurance, which is "discovered" by you:

- (1) No later than 1 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.
- (2) No later than 1 year from the date of that cancellation with regard to any "employee benefit plans".

**h. Joint Insured**

- (1) If more than one Insured is named in the Declarations, the first Named Insured will act for itself and for every other Insured for all purposes of this insurance. If the first Named Insured ceases to be covered, then the next Named Insured will become the first Named Insured.
- (2) If any Insured, or partner, "member" or officer of that Insured has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every Insured.
- (3) An "employee" of any Insured is considered to be an "employee" of every Insured.
- (4) If this insurance or any of its coverages is cancelled as to any Insured, loss sustained by that Insured is covered only if it is "discovered" by you:
- (a) No later than 1 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.
  - (b) No later than 1 year from the date of that cancellation with regard to any "employee benefit plans".
- (5) We will not pay more for loss sustained by more than one Insured than the amount we would pay if all such loss had been sustained by one Insured.
- (6) Payment by us to the first Named Insured for loss sustained by any Insured, other than an "employee benefit plan", shall fully release us on account of such loss.

**i. Legal Action Against Us**

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

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

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

**j. 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.

**k. 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 subject to this Condition:**

- (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 E.1.k.:**

**EXAMPLE NO. 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.

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

1. 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).
2. 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 NO. 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.

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

1. 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.
2. 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 NO. 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.

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

1. 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).
2. 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).
3. 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).
4. 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.



**I. 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 prior 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.k.**, the amount recoverable under this Condition is part of, not in addition to, the amount recoverable under Condition **E.1.k.**
  - (b) For loss covered under this Condition that is not subject to Paragraph **(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.

**m. 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 **(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.

**n. Ownership Of Property; Interests Covered**

The property covered under this insurance is limited to property:

- (1) That you own or lease; or
- (2) That you hold for others whether or not you are legally liable for the loss of such property.

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.

**o. Records**

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

**p. Recoveries**

- (1) Any recoveries, whether effected before or after any payment under this insurance, whether made by us or you, shall be applied net of the expense of such recovery:
  - (a) First, to you in satisfaction of your covered loss in excess of the amount paid under this insurance;
  - (b) Second, to us in satisfaction of amounts paid in settlement of your claim;
  - (c) Third, to you in satisfaction of any Deductible Amount; and
  - (d) Fourth, to you in satisfaction of any loss not covered under this insurance.
- (2) Recoveries do not include any recovery:
  - (a) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
  - (b) Of original "securities" after duplicates of them have been issued.

**q. 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), Puerto Rico and Canada.

**r. 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.

**s. Valuation – Settlement**

- (1) The value of any loss for purposes of coverage under this policy shall be determined as follows:
  - (a) Loss of "money" but only up to and including its face value. We will, at your option, pay for loss of "money" issued by any country other than the United States of America:
    - (i) At face value in the "money" issued by that country; or
    - (ii) In the United States of America dollar equivalent determined by the rate of exchange published in *The Wall Street Journal* on the day the loss was "discovered".
  - (b) Loss of "securities" but only up to and including their value at the close of business on the day the loss was "discovered". We may, at our option:
    - (i) Pay the 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
    - (ii) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:
      - i. Market value of the "securities" at the close of business on the day the loss was "discovered"; or
      - ii. The Limit of Insurance applicable to the "securities".

(c) 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 cost to replace the lost or damaged property with property of comparable material and quality and used for the same purpose;

(ii) The amount you actually spend that is necessary to repair or replace the lost or damaged property; or

(iii) The Limit of Insurance applicable to the lost or damaged property.

With regard to Paragraphs **s.(1)(c)(i)** through **s.(1)(c)(iii)**, we will not pay on a replacement cost basis for any loss or damage:

i. Until the lost or damaged property is actually repaired or replaced; and

ii. Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

If the lost or damaged property is not repaired or replaced, we will pay on an actual cash value basis.

(2) We will, at your option, settle loss or damage to property other than "money":

(a) In the "money" of the country in which the loss or damage occurred; or

(b) In the United States of America dollar equivalent of the "money" of the country in which the loss or damage occurred determined by the rate of exchange published in *The Wall Street Journal* on the day the loss was "discovered".

(3) Any property that we pay for or replace becomes our property.

## 2. Conditions Applicable To Insuring Agreement A.1.

### a. Termination As To Any Employee

This Insuring Agreement terminates as to any "employee":

(1) As soon as:

(a) You; or

(b) Any of your partners, "members", "managers", officers, directors, or trustees not in collusion with the "employee";

learn of "theft" or any other dishonest act committed by the "employee" whether before or after becoming employed by you.

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

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

### b. Territory

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

## 3. Conditions Applicable To Insuring Agreement A.2.

### a. Deductible Amount

The Deductible Amount does not apply to legal expenses paid under Insuring Agreement **A.2.**

### 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.q.** does not apply to Insuring Agreement **A.2.**

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

**a. Armored Motor Vehicle Companies**

Under Insuring Agreement **A.5.**, 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:

- (1) Precious metals, precious or semi-precious stones, pearls, furs, or completed or partially completed articles made of or containing such materials that constitute the principal value of such articles; or
- (2) Manuscripts, drawings, or records of any kind, or the cost of reconstructing them or reproducing any information contained in them.

**5. Conditions Applicable To Insuring Agreement A.6.**

**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.q.** does not apply to Insuring Agreement **A.6.**

**F. Definitions**

- 1. "Banking premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.

- 2. "Counterfeit money" means an imitation of "money" that is intended to deceive and to be taken as genuine.

- 3. "Custodian" means you, or any of your partners or "members", or any "employee" while having care and custody of property inside the "premises", excluding any person while acting as a "watchperson" or janitor.

- 4. "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

- 5. "Employee":

**a. "Employee" means:**

- (1) Any natural person:

- (a) While in your service and for the first 30 days immediately after termination of service, unless such termination is due to "theft" or any dishonest act committed by the "employee";
- (b) Who you compensate directly by salary, wages or commissions; and
- (c) Who you have the right to direct and control while performing services for you;

- (2) Any natural person who is furnished temporarily to you:

- (a) To substitute for a permanent "employee" as defined in Paragraph **a.(1)**, who is on leave; or
- (b) To meet seasonal or short-term work load conditions;

while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the "premises";

- (3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph **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"; and
  - (b) A director or trustee of yours while that person is engaged in handling "funds" or "other property" of any "employee benefit plan";
- (5) Any natural person who is a former "employee", partner, "member", "manager", director or trustee retained as a consultant while performing services for you;
- (6) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the "premises";
- (7) Any "employee" of an entity merged or consolidated with you prior to the effective date of this policy; or
- (8) Any of your "managers", directors or trustees while:
  - (a) Performing acts within the scope of the usual duties of an "employee"; or
  - (b) Acting as a member of any committee duly elected or appointed by resolution of your board of directors or board of trustees to perform specific, as distinguished from general, directorial acts on your behalf.
- b. "Employee" does not mean:
 

Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified in Paragraph **5.a.**
- 6. "Employee benefit plan" means any welfare or pension benefit plan shown in the Declarations that you sponsor and which is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.
- 7. "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.
- 8. "Fraudulent instruction" means:
  - a. An electronic, telegraphic, cable, teletype, telefacsimile or telephone instruction which purports to have been transmitted by you, but which was in fact fraudulently transmitted by someone else without your knowledge or consent;
  - b. A written instruction (other than those described in Insuring Agreement **A.2.**) issued by you, which was forged or altered by someone other than you without your knowledge or consent, or which purports to have been issued by you, but was in fact fraudulently issued without your knowledge or consent; or
  - c. An electronic, telegraphic, cable, teletype, telefacsimile, telephone or written instruction initially received by you which purports to have been transmitted by an "employee" but which was in fact fraudulently transmitted by someone else without your or the "employee's" knowledge or consent.
- 9. "Funds" means "money" and "securities".
- 10. "Manager" means a person serving in a directorial capacity for a limited liability company.
- 11. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".
- 12. "Messenger" means you, or a relative of yours, or any of your partners or "members", 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; and
  - b. Travelers checks, register checks and money orders held for sale to the public.
- 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.k.** or **E.1.l.**
- 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 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.k.** or **E.1.l.**
- c. Under All Other Insuring Agreements:
  - (1) An individual act or event;
  - (2) The combined total of all separate acts or events whether or not related; or
  - (3) A series of acts or events whether or not related; committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations, except as provided under Condition **E.1.k.** or **E.1.l.**
- 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 "funds":
  - a. By means of electronic, telegraphic, cable, teletype, telefacsimile or telephone instructions communicated directly through an electronic funds transfer system; or
  - b. By means of written instructions (other than those described in Insuring Agreement **A.2.**) establishing the conditions under which such transfers are to be initiated by such financial institution 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

Paragraph **(2)** of the **Termination As To Any Employee** Condition **E.2.a.** is deleted.

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

## **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  
KIDNAP/RANSOM AND EXTORTION COVERAGE FORM  
KIDNAP/RANSOM AND EXTORTION POLICY

### **PROVISIONS**

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 an umpire. If they cannot agree within 30 days upon such umpire, both parties must request that selection of the umpire 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.

If the arbitrators fail to agree on the amount of the loss, they will submit their differences to the umpire. A decision agreed to by any two will be binding.

Unless both parties agree otherwise, arbitration will take place in the county in which the address shown in the Declarations is located. Local rules of law as to procedure and evidence will apply.



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

## **ADD FAITHFUL PERFORMANCE OF DUTY COVERAGE**

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM  
COMMERCIAL CRIME POLICY  
EMPLOYEE THEFT AND FORGERY POLICY

and applies to the Employee Theft Insuring Agreement:

### **B. Provisions**

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

We will pay for loss of 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 your constitution and by-laws or resolution of your governing body, including inability to faithfully perform those duties because of a criminal act committed by a person other than an "employee".

**2. The following Exclusion is added to Section D.2. Exclusions:**

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

## 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 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 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 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 Liability Coverage is provided by this coverage form, the following types of vehicles are also covered "autos" for Liability Coverage:

1. "Trailers" with a load capacity of 2,000 pounds or less designed primarily for travel on public roads.
2. "Mobile equipment" while being carried or towed by a covered "auto".
3. Any "auto" you do not own while used with the permission of its owner as a temporary substitute for a covered "auto" you own that is out of service because of its:
  - a. Breakdown;
  - b. Repair;
  - c. Servicing;
  - d. "Loss"; or
  - e. Destruction.

**SECTION II – 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 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 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.
- (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 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 indicate that Comprehensive Coverage is provided for any covered "auto";
- (2) Specified Causes Of Loss only if the Declarations indicate that Specified Causes Of Loss Coverage is provided for any covered "auto"; or
- (3) Collision only if the Declarations indicate 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-measurement 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. Limit Of Insurance**

- 1. The most we will pay for "loss" in any one "accident" is the lesser of:
  - a. The actual cash value of the damaged or stolen property as of the time of the "loss"; or
  - b. The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality.
- 2. \$1,000 is the most we will pay for "loss" in any one "accident" to all electronic equipment that reproduces, receives or transmits audio, visual or data signals which, at the time of "loss", is:
  - a. 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;
  - b. Removable from a permanently installed housing unit as described in Paragraph **2.a.** above or is an integral part of that equipment; or
  - c. An integral part of such equipment.
- 3. An adjustment for depreciation and physical condition will be made in determining actual cash value in the event of a total "loss".
- 4. 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 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 conceal or misrepresent a material fact concerning:

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

### 3. 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 Liability Coverage this coverage form provides for the "trailer" is:

- (1) Excess while it is connected to a motor vehicle you do not own.
- (2) Primary while it is connected to a covered "auto" you own.

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

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

d. When this coverage form and any other coverage form or policy covers on the same basis, either excess or primary, we will pay only our share. Our share is the proportion that the Limit of Insurance of our coverage form bears to the 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) 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; and

(b) 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;
  - 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, or "garage operations" conducted in Kentucky, this endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM  
GARAGE COVERAGE FORM  
MOTOR CARRIER COVERAGE FORM  
TRUCKERS 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 Liability Coverage**

The following Liability Coverage Exclusions of the Business Auto, Garage, Motor Carrier and Truckers Coverage Forms apply 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:

- a. Expected or Intended Injury;
- b. Care, Custody or Control;
- c. Pollution; and
- d. Pollution Exclusion Applicable To "Garage Operations" – Covered "Autos".

### **C. Changes In Physical Damage Coverage**

No deductible applies under Comprehensive Coverage to "loss" to:

- a. Glass used in the windshield, doors and windows; and
- b. 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 **Other Insurance** Condition in the Business Auto and Garage Coverage Forms, and the **Other Insurance – Primary And Excess Insurance** Provisions in the Truckers and Motor Carrier Coverage Forms, is 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", Liability and Collision Coverage provided by this form shall be primary in the event of an "accident" 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, Liability and Collision Coverage provided by this form shall be excess in the event of an "accident" caused by the negligence of the customer.

2. 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 liability coverage provided by this Coverage Form, except that we will provide 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 conceal or misrepresent a material fact, or commit fraud, in obtaining this policy.

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

## KENTUCKY UNINSURED MOTORISTS COVERAGE

For a covered "auto" licensed or principally garaged in, or "garage operations" conducted in, Kentucky, this endorsement modifies insurance provided under the following:

- BUSINESS AUTO COVERAGE FORM
- GARAGE COVERAGE FORM
- MOTOR CARRIER COVERAGE FORM
- TRUCKERS 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> Bronston Water Association
<b>Endorsement Effective Date:</b> 02/09/2021

### SCHEDULE

<b>Limit Of Insurance:</b> \$	1,000,000	<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** Condition in the Business Auto And Garage Coverage Forms, and **Other Insurance – Primary And Excess Insurance Provisions** in the Truckers And Motor Carrier Coverage Forms 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** is changed by adding the following:
  - a. Promptly notify the police if a hit-and-run driver is involved; and

- b. Promptly send us copies of the legal papers if a "suit" is brought.
3. The **Legal Action Against Us** provision is replaced by the following:
- 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 "garage operations" conducted in, Kentucky, this endorsement modifies insurance provided under the following:

- BUSINESS AUTO COVERAGE FORM
- GARAGE COVERAGE FORM
- MOTOR CARRIER COVERAGE FORM
- TRUCKERS 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> Bronston Water Association
<b>Endorsement Effective Date:</b> 02/09/2021

### SCHEDULE

<b>Limit Of Insurance:</b> \$	1,000,000	<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 Business Auto and Garage Coverage Forms and **Other Insurance – Primary And Excess Insurance Provisions** in the Truckers and Motor Carrier Coverage Forms 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** is 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:

- a. No one may bring a legal action against us under this coverage form until there has been full compliance with all the terms of this coverage form.
- b. Any legal action against us under this coverage form must be brought within two years after the date of the "accident". However, this Paragraph 3.b. does not apply to an "insured" if, within two years after the date of the "accident", we and the "insured" agree to arbitration in accordance with this endorsement.

**4. Transfer Of Rights Of Recovery Against Others To Us** is changed by adding the following:

Our rights do not apply under this provision with respect to Underinsured Motorists Coverage if we:

- a. Have been given prompt written notice by certified or registered mail of a tentative settlement between the "insured" and the insurer of an "underinsured motor vehicle"; and
- b. Fail to advance payment to the "insured" in an amount equal to the tentative settlement within 30 days after receipt of notification.

If we advance payment to an "insured" in an amount equal to the tentative settlement within 30 days after receipt of notification:

- a. That payment will be separate from any amount the "insured" is entitled to recover under the provisions of Underinsured Motorists Coverage; and
- b. We also have the right to recover the advanced payment.

In any recovery, we will be entitled to payment only after the "insured" has been fully compensated.

**5. The following condition is added:**

**Arbitration**

- a. If we and an "insured" disagree whether the "insured" is legally entitled to recover damages from the owner or driver of an "underinsured motor vehicle" or do not agree as to the amount of damages that are recoverable by that "insured", then the matter may be arbitrated.

However, disputes concerning coverage under this endorsement may not be arbitrated. Both parties must agree to arbitration. If so agreed, each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within 30 days, either may request that selection be made by a judge of a court having jurisdiction. Each party will pay the expenses it incurs and bear the expenses of the third arbitrator equally.

- b. Unless both parties agree otherwise, arbitration will take place in the county in which the "insured" lives. Local rules of law as to arbitration procedure and evidence will apply. Any decision agreed to by two of the arbitrators will be binding.
- c. The "insured" shall not be required to arbitrate disputed claims.

**6. The Two Or More Coverage Forms Or Policies Issued By Us** General Condition does not apply to Underinsured Motorists Coverage. However, no one will be entitled to receive duplicate payments for the same elements of "loss".

## F. Additional Definitions

As used in this endorsement:

1. "Family member" means a person related to an individual Named Insured by blood, marriage or adoption who is a resident of such Named Insured's household, including a ward or foster child.
2. "Occupying" means in, upon, getting in, on, out or off.
3. "Underinsured motor vehicle" means a land motor vehicle or "trailer" to which a liability bond or policy applies at the time of an "accident", but the amount paid for bodily injury under that bond or policy to the "insured" is not enough to pay the full amount the "insured" is legally entitled to recover as damages.

However, "underinsured motor vehicle" does not include any vehicle:

- a. Owned or operated by a self-insurer under any applicable motor vehicle law, except a self-insurer who is or becomes insolvent and cannot provide the amounts required by that motor vehicle law;

- b. Designed for use mainly off public roads while not on public roads;
- c. To which a bodily injury liability bond or policy applies at the time of the accident but its limit for "bodily injury" liability is less than the minimum limit for "bodily injury" liability specified by the financial responsibility law of the state in which the covered "auto" is principally garaged; or
- d. Owned by or furnished or available for the regular use of you or any "family member".

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

## **KENTUCKY PERSONAL INJURY PROTECTION**

For a covered "auto" licensed or principally garaged in, or "garage operations" conducted in, Kentucky, this endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM  
GARAGE COVERAGE FORM  
MOTOR CARRIER COVERAGE FORM  
TRUCKERS 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 "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 are seasonal or irregular, the weekly limit shall be equitably adjusted or apportioned on an annual basis;
  - b. The maximum amount payable for funeral expense shall not exceed \$1,000.
2. Any amount payable by 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** is amended by the addition of the following:
  - a. In the event of an "accident", written notice containing particulars sufficient to identify the "insured" and also reasonably obtainable information respecting the time, place and circumstances of the "accident" shall be given by or on behalf of each "insured" to 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:

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 Business Auto and Garage Coverage Forms and **Other Insurance – Primary And Excess Insurance Provisions** in the Truckers and Motor Carrier Coverage Forms 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:

- (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" 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.**

## **EMPLOYEES AS INSUREDS**

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM  
MOTOR CARRIER COVERAGE FORM  
TRUCKERS COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

The following is added to the **Section II – Liability Coverage**, Paragraph **A.1. Who Is An Insured** Provision:

Any "employee" of yours is an "insured" while using a covered "auto" you don't own, hire or borrow in your business or your personal affairs.

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

**EXCLUSION OF CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the following:

**COMMERCIAL AUTO COVERAGE PART**

**A.** The following exclusion is added:

This insurance does not apply to:

**TERRORISM**

Any injury or damage arising, out of "a certified act of terrorism".

**B.** The following definitions are added:

1. For the purposes of this endorsement, "any injury or damage" means any injury or damage covered under any Coverage Part to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage", "personal and advertising injury", "injury", or "environmental damage" as may be defined in any applicable Coverage Part.
2. "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:
  - a. The act resulted in insured losses in excess of \$5 million in the aggregate; and
  - b. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Coverage Part.

## EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE FORM WATER DISTRICTS INSURANCE PROGRAM

**THIS FORM PROVIDES CLAIMS MADE AND REPORTED COVERAGE.  
PLEASE READ THE ENTIRE FORM CAREFULLY.**

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

Throughout this policy the words “you” and “your” refer to the Named Insured shown in the Declarations, 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 **VII – DEFINITIONS**.

### SECTION I – EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE

#### A. Insuring Agreement

1. We will pay those sums the insured becomes legally obligated to pay as damages resulting from a “wrongful act” 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 because of a “wrongful act” to which this insurance does not apply.

We may, at our discretion, investigate any incident that may result from a “wrongful act.” We may, with your written consent, settle any “claim” that may result. But:

- a. The amount we will pay for damages and “defense expenses” is limited as described in **SECTION III – LIMIT OF INSURANCE** and in **SECTION IV – DEDUCTIBLE**;
- b. The coverage and duty to defend provided by this policy will end when we have used up the applicable limit of insurance for “defense expenses” or the payment of judgments or settlements.

No other obligation or liability to pay sums, such as civil or criminal fines, imposed on you or any other insured, or to perform acts or services is covered unless explicitly provided for under Supplementary Payments.

2. This insurance applies to “wrongful acts” only if:
  - a. The “wrongful act” takes place in the “coverage territory”;
  - b. (1) The “wrongful act” did not commence before the Retroactive Date, if any, shown in the Declarations or after the end of the policy period;  
  
(2) At the inception of the policy period, the insured against whom the “claim” is made neither knew nor could have reasonably foreseen that such “wrongful act” might have been the basis of a “claim” or “suit”; and

- (3) No other valid and collectible insurance applies to the “wrongful act”; and
- c. A “claim” against any insured for damages because of the “wrongful act” is first made during the policy period or the **SECTION VI – EXTENDED REPORTING PERIOD**, if provided, in accordance with Paragraphs 3. and 4. below.
3. A “claim” will be deemed to have been made at the earlier of the following times:
- When notice of such “claim,” after being received by any insured, is reported to us in writing; or
  - When a “claim” against an insured is made directly to us in writing.

A “claim” received by the insured during the policy period and reported to us within 30 days after the end of the policy period will be considered to have been reported within the policy period. However, this 30 day grace period does not apply to “claims” that are covered under any subsequent insurance you purchase, or that would be covered but for exhaustion of the amount of insurance applicable to such “claims.”

4. If during the policy period you become aware of a “wrongful act” that may reasonably be expected to give rise to a “claim” against any insured, you must provide notice to us in accordance with the provisions of **SECTION V, Condition C. Duties In The Event Of A Claim Or Wrongful Act That May Result In A Claim**. If such notice is provided, then any “claim” subsequently made against any insured arising out of that “wrongful act” shall be deemed under this policy to be a “claim” made during the policy period in which the “wrongful act” was first reported to us.
5. All “claims” for damages because of a “wrongful act” committed against the same person, including damages claimed by any person for care, loss of services or death resulting at any time from the “wrongful act,” will be deemed to have been made at the time the first of such “claims” is made, regardless of the number of “claims” subsequently made.

## B. Exclusions

This insurance does not apply to:

### 1. Criminal, Fraudulent Or Malicious Acts

An insured's liability arising out of criminal, fraudulent or malicious acts or omissions by that insured.

This exclusion does not affect our duty to defend, in accordance with Paragraph **A.1.** above, an insured prior to determining, through the appropriate legal processes, that that insured is responsible for a criminal, fraudulent or malicious act or omission.

### 2. Contractual Liability

Any “wrongful act” 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 that the insured would have in the absence of the contract or agreement.

### 3. Workers Compensation And Similar Laws

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

### 4. Violation Of Laws Applicable To Employers



A violation of your responsibilities or duties required by any other federal, state or local statutes, rules or regulations, and any rules or regulations promulgated therefor or amendments thereto, except for the following, and including amendments thereto: Title VII of the Civil Rights Act of 1964, the Americans With Disabilities Act, the Age Discrimination in Employment Act, the Equal Pay Act, the Pregnancy Discrimination Act of 1978, the Immigration Reform Control Act of 1986 and the Family and Medical Leave Act of 1993 and the Genetic Information Nondiscrimination Act of 2008 or any other similar state or local statutes, rules or regulations to the extent that they prescribe responsibilities or duties concerning the same acts or omissions.

However, this insurance does not apply to a “wrongful act” arising out of your failure to comply with any of the accommodations for the disabled required of you by, or any expenses incurred as the result of physical modifications made to accommodate any person pursuant to, the Americans With Disabilities Act, or any amendments thereto, or any similar state or local statutes, rules or regulations to the extent that they prescribe responsibilities or duties concerning the same acts or omissions.

This Exclusion 4. does not apply to any “claim” for retaliatory treatment by an insured against any person making a “claim” pursuant to such person's rights under any statutes, rules or regulations.

#### **5. Strikes And Lockouts**

Any “wrongful act” committed against any striking or locked-out “employee,” or to an “employee” who has been temporarily or permanently replaced due to any labor dispute.

#### **6. Prior Or Pending Litigation**

Any “claim” or “suit” against any insured which was pending on, or existed prior to, the applicable Pending or Prior Litigation Date shown in the Declarations, or any “claim” or “suit” arising out of the same or substantially the same facts, circumstances or allegations which are the subject of, or the basis for, such “claim” or “suit.”

#### **7. Prior Notice**

Any “wrongful act” alleged or contained in any “claim” which has been reported, or for which, in any circumstance, notice has been given, under any other prior insurance policy providing essentially the same type of coverage.

### **C. Supplementary Payments**

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

1. 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.
2. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limit of insurance nor be subject to SECTION IV – DEDUCTIBLE.

### **SECTION II – WHO IS AN INSURED**

**A.** If you are designated in the Declarations as:

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1. An individual, you and your spouse are insureds.
  2. A partnership or joint venture, you are an insured. Your partners or members are also insureds.
  3. A limited liability company, you are an insured. Your members and managers are also insureds.
  4. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are also insureds.
- B.** Your "employees" are also insureds, unless otherwise excluded in this policy.
- C.** Your former "employees" are also insureds, unless otherwise excluded in this policy, but only with respect to "wrongful acts" committed while in your employ.
- D.** 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. You must notify us of such acquisition or formation as soon as practicable. However, coverage under this provision:
1. Is afforded only until the 90th day after you acquire or form the organization, or until the end of the policy period, whichever is earlier; and
  2. Does not apply to a "wrongful act" 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 – LIMIT OF INSURANCE**

- A.** The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
1. Insureds;
  2. "Claims" made or "suits" brought; or
  3. Persons, organizations or government agencies making "claims" or bringing "suits."
- B.** The Each Wrongful Act Limit shown in the Declarations is the most we will pay for each "wrongful act" regardless of the number of incidents involved. Two or more "claims" for damages because of the same "wrongful act" shall be:
1. Considered a single "claim"; and
  2. Considered first made only during the policy period including the Extended Reporting Period, if applicable, or during any prior or subsequent policy period in which the earliest "claim" arising out of such "wrongful act" was first made.
- Such "claims" whenever made, shall be assigned to only one policy (whether issued by us or any other insurer) and if that is this policy, only one Each Wrongful Act limit of insurance shall apply.
- C.** The Aggregate Limit of Insurance shown in the Declarations is, subject to Paragraph **B.**, the most we will pay for the sum of:
1. All damages; and

**2. All “defense expenses,”**

Because of all “wrongful acts” to which this insurance applies.

The Limits of Insurance of this Coverage Part applies separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limit of Insurance.

**SECTION IV – DEDUCTIBLE**

- A.** We will not pay for our share of damages and “defense expenses” until the amount of damages and “defense expenses” exceeds the Deductible shown in the Declarations. We will then pay the amount of damages and “defense expenses” in excess of the Deductible, up to the limit of insurance.

**Example No. 1**

Deductible: \$5,000

Limit of Insurance: \$100,000

Damages and “Defense Expenses”: \$75,000

The Deductible will be subtracted from the amount of damages and “defense expenses” in calculating the amount payable:

$\$75,000 - \$5,000 = \$70,000$  Amount Payable

**Example No. 2**

Deductible: \$5,000

Limit of Insurance: \$100,000

Damages and “Defense Expenses”: \$120,000

The Deductible will be subtracted from the amount of damages and “defense expenses” (\$120,000 - \$5,000 = \$115,000). Since the amount of the damages and “defense expenses” minus the Deductible exceeds the Limit of Insurance, the policy will pay the full Limit of Insurance (\$100,000).

- B.** The Deductible amount shown in the Declarations applies to all “claims” arising out of:

1. The same “wrongful acts”; or
2. A series of incidents, circumstances or behaviors which arise from a common cause

Regardless of the number of persons, organizations or government agencies making such “claims.”

- C.** We may pay any part or all of the Deductible amount to effect settlement of any “claim” and, upon notification of the action taken, you shall promptly reimburse us for such part of the Deductible amount as has been paid by us.

**SECTION V – CONDITIONS**

**A. Bankruptcy**

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

**B. Consent To Settle**

If we recommend a settlement to you which is acceptable to the claimant, but to which you do not consent, the most we will pay as damages in the event of any later settlement or judgment is the amount for which the "claim" could have been settled, to which you did not give consent, less any deductible

**C. Duties In The Event Of A Claim Or Wrongful Act That May Result In A Claim**

1. If a "claim" is received by any insured, you must:
  - a. Immediately record the specifics of the "claim" and the date received; and
  - b. Notify us, in writing, as soon as practicable.
2. You and any other involved insured must:
  - a. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "claim";
  - b. Authorize us to obtain records and other information;
  - c. Cooperate with us in the investigation or settlement of the "claim" or defense against the "suit"; and
  - d. 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 a "wrongful act" to which this insurance may also apply.
3. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense without our written consent.
4. If you become aware of a "wrongful act" that may reasonably be expected to give rise to a "claim" and for which a "claim" has not yet been received, you must notify us, in writing, as soon as practicable. Such notice must provide:
  - a. A description of the "wrongful act," including all relevant dates;
  - b. The names of the persons involved in the "wrongful act," including names of the potential claimants;
  - c. Particulars as to the reasons why you became aware of and reasonably expect a "claim" which may result from such "wrongful act";
  - d. The nature of the alleged or potential damages arising from such "wrongful act"; and
  - e. The circumstances by which the insured first became aware of the "wrongful act."

**D. Legal Action Against Us**

No person or organization has a right under this policy:

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

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

We will also not be liable for the insured's share of any payment due because of a settlement or judgment for which the insured is responsible under **SECTION IV – DEDUCTIBLE**.

#### **E. Other Insurance**

If other valid and collectible insurance is available to the insured, our obligations are limited as follows:

##### **1. Primary Insurance**

This insurance is primary. We will not seek contribution from any other insurance available to you or the involved insured unless the other insurance is specifically designed to provide coverage because of liability arising out of a "wrongful act." Then we will share with that other insurance by the method described below.

##### **2. 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.

The method chosen for the handling of other valid insurance will not affect your responsibility to share with us as specified under **SECTION IV – DEDUCTIBLE**.

#### **F. Premium Audit**

1. We will compute all premiums for this policy in accordance with our rules and rates.
2. Premium shown in this policy 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 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.
3. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.
4. We will waive the premium audit only with your consent.

#### **G. Representations**

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By accepting this policy, you agree that:

1. The statements in the Declarations are accurate and complete;
2. Those statements are based upon representations you made to us; and
3. We have issued this policy in reliance upon your representations.

#### **H. Separation Of Insureds**

Except with respect to the Limit of Insurance, and any rights or duties specifically assigned in this policy to the first Named Insured, this insurance applies:

1. As if each Named Insured were the only Named Insured; and
2. Separately to each insured against whom "claim" is made.

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

If the insured has rights to recover all or part of any payment we have made under this policy, those rights are transferred to us. The insured must do nothing to impair those rights. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

#### **J. If You Are Permitted To Select Defense Counsel**

If, by mutual agreement or court order, the insured is given the right to select defense counsel and the Limit of Insurance has not been used up, the following provisions apply:

1. We retain the right, at our discretion, to:
  - a. Settle, approve or disapprove the settlement of any "claim"; and
  - b. Appeal any judgment, award or ruling at our expense.
2. You and any other involved insured must:
  - a. Continue to comply with **SECTION V – CONDITIONS**, Paragraph **C. Duties In The Event Of A "Claim" Or Wrongful Act That May Result In A Claim** Condition as well as the other provisions of this policy; and
  - b. Direct defense counsel of the insured to:
    - (1) Furnish us with the information we may request to evaluate those "suits" for coverage under this policy; and
    - (2) Cooperate with any counsel we may select to monitor or associate in the defense of those "suits."
3. If we defend you under a reservation of rights, both your and our counsel will be required to maintain records pertinent to your "defense expenses." These records will be used to determine the allocation of any "defense expenses" for which you may be solely responsible, including defense of an allegation not covered by this insurance.

#### **K. Transfer Of Duties When Limit Of Insurance Is Used Up**

1. If we conclude that, based on "claims" which have been reported to us and to which this insurance may apply, the Limit of Insurance is likely to be used up in the payment of judgments or settlements for damages or the payment of "defense expenses," we will notify the first Named Insured, in writing, to that effect.
2. When the limit of insurance has actually been used up in the payment of judgments or settlements for damages or the payment of "defense expenses," we will:
  - a. Notify the first Named Insured in writing, as soon as practicable, that such a limit has actually been used up and that our duty to defend the insured against "suits" seeking damages subject to that limit has also ended;
  - b. Initiate, and cooperate in, the transfer of control, to any appropriate insured, of all "suits" for which the duty to defend has ended for the reason described in Paragraph 2.a. above and which are reported to us before that duty to defend ended; and
  - c. Take such steps, as we deem appropriate, to avoid a default in, or continue the defense of, such "suits" until such transfer is completed, provided the appropriate insured is cooperating in completing such transfer.
3. When 2.a. above has occurred, the first Named Insured, and any other insured involved in a "suit" seeking damages subject to that limit, must:
  - a. Cooperate in the transfer of control of "suits"; and
  - b. Arrange for the defense of such "suit" within such time period as agreed to between the appropriate insured and us. Absent any such agreement, arrangements for the defense of such "suit" must be made as soon as practicable.
4. We will take no action with respect to defense for any "claim" if such "claim" is reported to us after the applicable limit of insurance has been used up. It becomes the responsibility of the first Named Insured, and any other insured involved in such a "claim," to arrange defense for such "claim."
5. The first Named Insured will reimburse us as soon as practicable for expenses we incur in taking those steps we deem appropriate in accordance with Paragraph 2. above.
6. The exhaustion of the applicable limit of insurance and the resulting end of our duty to defend will not be affected by our failure to comply with any of the provisions of this Condition.

#### **L. When We Do Not Renew**

If we decide not to renew this policy, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal at least 30 days before the end of the policy period, or earlier if required by the state law or regulation controlling the application of this Coverage Part.

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

#### **SECTION VI – EXTENDED REPORTING PERIOD**

- A. You will have the right to purchase an Extended Reporting Period from us if:
  1. This Coverage Part is cancelled or not renewed for any reason; or
  2. We renew or replace this Coverage Part with insurance that:

- a. Has a Retroactive Date later than the date shown in the Declarations of this Coverage Part;  
or
  - b. Does not apply to “wrongful acts” on a claims-made basis.
- B.** An Extended Reporting Period, as specified in Paragraph **A.** above, lasts three years and is available only by endorsement and for an additional charge.
- C.** The Extended Reporting Period starts with the end of the policy period. It does not extend the policy period or change the scope of coverage provided. It applies only to “claims” to which the following applies:
- 1. The “claim” is first made during the Extended Reporting Period;
  - 2. The “wrongful act” occurs before the end of the policy period; and
  - 3. The “wrongful act” did not commence before the Retroactive Date, if any.
- D.** You must give us a written request for the Extended Reporting Period Endorsement within 30 days after the end of the policy period or the effective date of cancellation, whichever comes first.
- E.** The Extended Reporting Period will not go into effect unless you pay the additional premium promptly when due and any premium or deductible you owe us for coverage provided under this policy. Once in effect, the Extended Reporting Period may not be cancelled.
- F.** We will determine the additional premium in accordance with our rules and rates. In doing so, we may take into account the following:
- 1. The exposures insured;
  - 2. Previous types and amounts of insurance;
  - 3. Limit of Insurance available under this policy for future payment of damages; and
  - 4. Other related factors.

The additional premium will not exceed 200% of the annual premium for this policy.

- G.** When the Extended Reporting Period Endorsement is in effect, we will provide a Supplemental Limit of Insurance for any “claim” first made during the Extended Reporting Period.

The Supplemental Limit of Insurance will be equal to the dollar amount shown in the Declarations in effect at the end of the policy period.

Paragraph **B.** of **SECTION III – LIMIT OF INSURANCE** will be amended accordingly.

## **SECTION VII – DEFINITIONS**

- A.** “Claim” means a “suit” or demand made by or for a current, former or prospective “employee” for damages because of an alleged “wrongful act.”
- B.** “Coverage territory” means:
  - 1. The United States of America (including its territories or possessions) and Puerto Rico; or



2. All parts of the world if the insured's responsibility to pay damages is determined in a "suit" on the merits brought in the territory described in Paragraph 1. above or in a settlement we agree to.
- C.** "Defense expenses" means payments allocated to a specific "claim" we investigate, settle or defend, for its investigation, settlement or defense, including:
1. Fees and salaries of attorneys and paralegals we retain, including attorneys and paralegals who are our "employees."
  2. Fees of attorneys the insured retains when, by our mutual agreement or court order (or when required by administrative hearing or proceeding), the insured is given the right to retain defense counsel to defend against a "claim."
  3. All other litigation or administrative hearing expenses, including fees or expenses of expert witnesses hired either by us or by the defense attorney retained by an insured.
  4. Reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the "claim," including actual loss of earnings up to \$250 a day because of time off from work.
  5. Costs taxed against the insured in the "suit."
- "Defense expenses" does not include salaries and expenses of our "employees" or the insured's "employees" (other than those described in Paragraphs 1. and 4. above).
- D.** "Discrimination" means violation of a person's civil rights with respect to such person's race, color, national origin, religion, gender, marital status, age, sexual orientation or preference, physical or mental condition, or any other protected class or characteristic established by any federal, state or local statutes, rules or regulations.
- E.** "Employee" includes a "leased worker" and a "temporary worker" but does not include an independent contractor.
- F.** "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
- G.** "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."
- H.** "Suit" means a civil proceeding in which damages because of a "wrongful act" to which this insurance applies are alleged, including:
1. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent;
  2. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent; or
  3. Any administrative proceeding or hearing conducted by a governmental agency (federal, state or local) having the proper legal authority over the matter in which such damages are claimed.
- I.** "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.

- J.** “Wrongful act” means one or more of the following offenses, but only when they are employment-related:
- 1.** Wrongful demotion or failure to promote, negative evaluation, reassignment or discipline of your current “employee” or wrongful refusal to employ;
  - 2.** Wrongful termination, meaning the actual or constructive termination of an “employee”:
    - a.** In violation or breach of applicable law or public policy; or
    - b.** Which is determined to be in violation of a contract or agreement, other than any employment contract or agreement, whether written, oral or implied, which stipulates financial consideration if such financial consideration is due as the result of a breach of the contract;
  - 3.** Wrongful denial of training, wrongful deprivation of career opportunity, or breach of employment contract;
  - 4.** Negligent hiring or supervision which results in any of the other offenses listed in this definition;
  - 5.** Retaliatory action against an “employee” because the “employee” has:
    - a.** Declined to perform an illegal or unethical act;
    - b.** Filed a complaint with a governmental authority or a “suit” against you or any other insured in which damages are claimed;
    - c.** Testified against you or any other insured at a legal proceeding; or
    - d.** Notified a proper authority of any aspect of your business operation which is illegal;
  - 6.** Coercing an “employee” to commit an unlawful act or omission within the scope of that person's employment;
  - 7.** Harassment;
  - 8.** Libel, slander, invasion of privacy, defamation or humiliation; or
  - 9.** Verbal, physical, mental or emotional abuse arising from “discrimination.”

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT  
(Broad Form)**

This endorsement modifies insurance provided under the following:

**EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART WATER DISTRICTS  
INSURANCE PROGRAM****1. The insurance does not apply:****A. To liability:**

- (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. To liability resulting from "hazardous proper-ties" 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 liability 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.