

Businessowners Policy

Property & Liability Insurance



CM Select Insurance Company

**ELECTRONIC DOCUMENT DELIVERY POLICYHOLDER
NOTICE**

In connection with your consent to accept electronic delivery:

1. We will deliver the following types of documents or notices to you electronically:
 - a. Insurance Policy;
 - b. Identification Card;
 - c. Notices of Cancellation;
 - d. Notices of Nonrenewal; or
 - e. Other supporting documents in connection with the insurance policy.

2. Delivery of any documents or notices by electronic means shall satisfy any delivery method required within the Businessowners Coverage Form and all applicable endorsements, including delivery by:
 - a. First-class mail;
 - b. Postage prepaid;
 - c. Certified mail; or
 - d. Certificate of mailing.

3. We will deliver documents and notices electronically to the First Named Insured's electronic mail address known to us.

ALABAMA FRAUD STATEMENT

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to restitution, fines or confinement in prison, or any combination thereof.

CM Select Insurance Company

Privacy Practices Disclosure Notice

Our Company Policy

We do not disclose any nonpublic personal information about our individual policyholders or claimants to any affiliate or any nonaffiliated third party other than those permitted by law and only for the purpose of transacting the business of your insurance coverage or your claim. **We do not sell any customer or policyholder information to mailing list companies or mass marketing companies. We treat our policyholder information as confidential.**

Some states have enacted legislation that regulates the use of nonpublic information maintained by financial service institutions and insurance carriers on their customers who are insured with them. In the interest of providing you with an affirmation of our commitment to maintaining the privacy of customer and claimant information, we have prepared the following Privacy Practices Disclosure Notice. Please take time to review the information, as it is relevant to our business partnership with you.

This Privacy Practices Disclosure Notice outlines the privacy practices of CM Select Insurance Company listed below:

This Privacy Practices Disclosure Notice will notify you of:

1. The categories of nonpublic, personal, identifiable information (not corporate information) that CM Select collects from you or from a third party about you or about participants, beneficiaries or claimants under your insurance coverage;
2. How CM Select uses the information;
3. The categories of affiliates and nonaffiliate third parties with whom CM Select shares the information, as permitted by law; and
4. The kind of security policies and procedures that are in place to protect the confidentiality and security of nonpublic personal information provided to CM Select.

If you have questions or concerns regarding this Privacy Practices Disclosure Notice, you should contact CM Select by sending an email to ethics@churchmutual.com or by writing to us at:

Sandra M. Woller
Assistant Vice President - Chief Compliance Officer
CM Select Insurance Company
3000 Schuster Lane
P.O. Box 357
Merrill, WI 54452-0357

1. PERSONALLY IDENTIFIABLE INFORMATION COLLECTED

CM Select wants you to conduct business with us knowing that we protect personal information. CM Select collects personally identifiable information from you or from third parties about you or about participants, beneficiaries or claimants under your insurance coverage as a part of the insurance application, underwriting, claims, administration and servicing process.

We collect nonpublic personal information from the following sources:

Information we receive on applications or other forms and which may include policyholder, participant, beneficiary or claimant name, address, telephone number, social security number, household information, vehicle and driver information, date of birth, medical information related to underwriting and claims and insurance coverage information;

Information about transactions with us, our affiliates or others, including information about previous claims or accidents, medical information related to claims, information about the circumstances of your accident or injury (if applicable) and the names of witnesses and other contact information; and

Information we receive from consumer reporting agencies, state motor vehicle departments and inspection services.

2. HOW THE INFORMATION IS USED

The information CM Select collects is used to provide policy and premium quotes, process underwriting applications, administer claims and answer questions or concerns about our insurance products and services. We also use the information for account administration; reporting, investigating, or preventing fraud or material misrepresentation; processing premium billing payments; processing and defending insurance claims; administering insurance benefits (including utilization review activities); and as otherwise required or permitted by federal or state law.

CM Select maintains paper copies or electronic archives of the information provided by you or by a third party for policy quoting for processing and administering your application or claims made under your policy and for improving our products and services. This information is kept internal to CM Select, except when needed to verify the information provided, to service your policy or claim as required or permitted by law. The information is not available to the general public. CM Select retains the information collected when a claim is filed under your policy for as long as required by law or regulation or as long as the claim is open and thereafter for a period set by the appropriate underwriting or claims records retention policies of CM Select.

3. SHARING INFORMATION GATHERED

We do not disclose nonpublic personal information about you or about participants, beneficiaries or claimants under your insurance policy to anyone, except as permitted by law. We may share information about you or about participants, beneficiaries or claimants under your policy in the normal business of conducting insurance operations, such as providing you with an insurance quote or processing, servicing and administering your insurance policy and your claims.

Even without your authorization, once you become a CM Select customer or claimant, we are permitted by law to share information about you to entities, such as:

A third party if it is reasonably necessary to enable the party to perform services for us, such as claims investigations, appraisals or the detection of fraud or material misrepresentations;

Any of our affiliated companies who provide services to you;

Insurance regulatory authorities, reporting agencies or, if applicable, involuntary market administrators;

State motor vehicle department to obtain a report of any accidents or convictions;

Law enforcement agencies or other governmental authorities to protect our interest or to report illegal activities;

Persons or organizations conducting insurance actuarial or research studies, subject to appropriate confidentiality agreements; and

As otherwise permitted or required by law.

We also are permitted by law to disclose the following information to companies that perform marketing services on our behalf or with whom we have joint marketing agreements, including:

Information we receive on applications or other forms, such as policyholder or claimant name, address, social security number, insurance coverages, vehicle and driver information and certain claims information;

Information about transactions with us, our affiliates or others, such as insurance coverages, vehicle and driver information and claims information; and

Information we receive from third parties, such as a consumer reporting agency, state motor vehicle records or claims history.

We do not sell any customer or policyholder information to mailing list companies or mass marketing companies. We treat our policyholder information as confidential.

4. SECURITY POLICIES AND PROCEDURES

We restrict access to nonpublic personal information about you or about participants, beneficiaries and claimants under your insurance policy to those employees who need to know that information to provide products or services to you. We maintain physical, electronic and procedural safeguards that comply with state and federal regulations to guard your nonpublic personal information.

CM Select also uses a wide variety of data protection procedures and computer hardware and software tools to guard system and data privacy and integrity. CM Select's computer systems also are protected by additional measures, such as encrypted data transmissions, network routers and firewalls intended to prevent unauthorized access.

5. ACCESS AND CORRECT YOUR PERSONAL INFORMATION

You may request access to certain information about you that we have in our records. To request access, please send us a written request. Be sure to reasonably describe the information you want. If you believe that your information is incomplete or inaccurate, you may request that we make changes. Please send any of the requests listed above in writing to:

Chief Compliance Officer
CM Select Insurance Company
3000 Schuster Lane
P.O. Box 357
Merrill, WI 54452-0357

If you request corrections, additions or deletions, we will either make the changes that you request or notify you why we will not do so. If we decline your request, in some states you may have the right to file a concise statement with us about the dispute.

The rights in this section do not apply in certain cases, such as information related to litigation.

6. MODIFICATIONS TO OUR PRIVACY POLICY

We reserve the right to change our privacy practices in the future, which may include sharing nonpublic personal information about you with nonaffiliated third parties. Before we do that, we will provide you with a revised Privacy Practices Disclosure Notice and give you the opportunity to opt out of that type of information sharing.



IMPORTANT
CLAIMS PROCEDURE
REPORTING

To receive the best service from CM Select Insurance Company promptly report all claims and law suits including incidents or accidents that have resulted in injuries or damage to your property. Report by phone, by e-mail, or by contacting us at the address or Fax number indicated at the bottom of this page.

To speed the process, have as much information as is readily available regarding the facts of the claim. However, don't delay reporting the claim due to missing information. Prompt reporting is important to protect your coverage and so we can provide the highest level of service possible.

Duties

Please refer to the policy conditions for an explanation of your duties in the event of a loss, damage, occurrence, claim or suit. These duties include, but are not limited to: prompt notification, protection from further damage or injury, and cooperation with CM Select Insurance Company.

CM Select Insurance Company
3000 Schuster Lane
P.O. Box 377
Merrill, Wisconsin 54452
TOLL FREE 800-200-5864
Claims Fax: (715) 539-5200
Email: NewClaims@CMSelect.com



CM Select Insurance Company
 3000 Schuster Lane, P.O. Box 377
 Merrill, WI 54452
 Sign in at www.cmselect.com

BUSINESSOWNERS POLICY DECLARATIONS

Policy Number: SEL-BOP-0009111

Policy Type: Religious Institutions

Business Description: Religious Institutions (Houses of Worship)

Policy Effective From: 10/27/2023 at 12:01 AM Standard Time at the mailing address shown.
To: 10/27/2024 at 12:01 AM Standard Time at the mailing address shown.

Named Insured Mailing Address:
New Life Methodist Church
5256 Main St
Grant, AL 35747
(770) 601-6814

Agent Information:
Sovereign Insurance Group, Serviced by CM Select
(800) 200-5864

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.

Annual Premium For This Policy	
	\$12,978.00

Discounts you qualify for:

- Advance Quote Discount
- Claim Free Discount
- Newer Roof Discount
- Non Profit Discount

Premises Information	
Premises 1	<u>5256 Main St</u> <u>Grant, AL 35747</u>
Bldg/Item 1	<u>Religious Services; Year Built: 1930; 14,000 Square Feet</u>
Bldg/Item 2	<u>Daycare / Preschool Facility; Year Built: 2000; 1,200 Square Feet</u>
Premises 2	<u>185 2nd Ave E</u> <u>Grant, AL 35747</u>
Bldg/Item 3	<u>Garage or Storage; Year Built: 2000; 1,600 Square Feet</u>
Bldg/Item 4	<u>Garage or Storage; Year Built: 2005; 1,500 Square Feet</u>
Premises 3	<u>5152 2nd Ave E</u> <u>Grant, AL 35747</u>
Bldg/Item 5	<u>Other Activities; Year Built: 2000; 3,400 Square Feet</u>

POLICY NUMBER: SEL-BOP-0009111

Mortgage Holder Information		
Premises Number	Bldg/Item Number	Mortgage Holder
1	1	First State Bank PO Box 681299 Fort Payne, AL 35968 Loan Number: 71635651

SECTION I – PROPERTY

Limits					
Premises Number	Bldg/Item Number	Building - Automatic Increase	Business Personal Property - Seasonal Increase	Building Limit	Business Personal Property Limit
1	1	5%		\$2,500,000	\$375,000
1	2	5%		\$161,940	\$30,000
2	3	5%		\$86,656	\$20,000
2	4	5%		\$81,240	\$20,000
3	5	5%		\$444,788	\$80,000

Deductibles (Apply Per Premises, Per Occurrence)		
Premises Number	Property Deductible	Windstorm or Hail Percentage Deductible
1	\$5,000	
2	\$5,000	
3	\$5,000	

Additional Coverages – Optional Higher Limits (Per Policy)	
Coverage	Limit of Insurance
Forgery Or Alteration	\$25,000

Additional Coverages – Optional Higher Limits (Per Premises)	
Coverage	Limit of Insurance
Fire Department Service Charge	\$5,000

POLICY NUMBER: SEL-BOP-0009111

Optional Coverages (Per Occurrence)		
Coverage	Limit of Insurance	Deductible
Money And Securities	\$10,000 Inside the Premises	\$250
	\$10,000 Outside the Premises	
Employee Dishonesty	\$25,000	\$250

Water Backup and Sump Overflow BP 04 53		
Premises Number	Covered Property Annual Aggregate Limit Of Insurance	Business Income and Extra Expense Annual Aggregate Limit of Insurance
1	\$5,000	\$5,000
2	\$5,000	\$5,000
3	\$5,000	\$5,000

Ordinance Or Law Coverage BP 04 46					
Premises Number	Bldg/Item Number	Coverage 1 Applies	Coverage 2 Limit of Insurance	Coverage 3 Limit of Insurance	Coverages 2 and 3 Combined Limit of Insurance
1	1	Yes	\$0	\$0	\$500,000

Limitations On Coverage For Roof Surfacing BP 14 81			
Premises Number	Bldg/Item Number	Indicate Applicability (Paragraph A. and/or Paragraph B.)	
1	1	Paragraph B.	
1	2	Paragraph B.	
2	3	Paragraph B.	
2	4	Paragraph B.	
3	5	Paragraph B.	

Section I - Property Endorsements Applicable Per Policy	
Endorsement Number	Endorsement Title
BP 04 46	Ordinance Or Law Coverage
CMBP 04 06	Identity Recovery
CMBP 04 07	Equipment Breakdown

SECTION II – LIABILITY

Each paid claim for the following coverages reduces the amount of insurance we provide during the applicable annual period. Please refer to SECTION II – LIABILITY in the Businessowners Coverage Form and any attached endorsements.

Limits	
Coverage	Limit of Insurance
Liability And Medical Expenses (Not Applicable For Abuse or Molestation)	\$2,000,000 Per Occurrence
	\$4,000,000 Aggregate
Medical Expenses	\$15,000 Per Person
Damage To Premises Rented To You	\$1,000,000 Any One Premises

Other Liability Coverages

Each paid claim for the following coverages reduces the amount of insurance we provide during the applicable annual period.

Limits	
Coverage	Limit of Insurance
Catastrophic Violence Response	\$50,000 Per Person \$300,000 Each Violent Incident \$300,000 Aggregate
Abuse Or Molestation Liability	\$500,000 Each Claim \$1,000,000 Aggregate
Abuse Or Molestation Medical Expenses	\$15,000 Any One Person \$50,000 Aggregate
Counseling Professional Liability	\$2,000,000 Each Claim \$4,000,000 Aggregate
Hired and Non-owned Auto Liability	\$2,000,000 Per Occurrence \$4,000,000 Aggregate
Hired and Non-owned Auto Medical Expense	\$15,000 Any One Person \$25,000 Aggregate
Rental Auto Physical Damage	\$250,000 Per Occurrence

Claims-Made Liability Coverages

Each paid claim for the following coverages reduces the amount of insurance we provide during the applicable life of the policy.

Directors, Officers and Trustees Liability			
CMBP 26 14			
Annual Aggregate Limit Of Insurance	Deductible	Retroactive Date	Prior Or Pending Litigation Date
\$1,000,000	\$1,000	10/27/2023	None
Optional Supplemental Extended Reporting Period	Optional Supplemental Extend Reporting Period	Optional Supplemental Extend Additional Premium	Optional Supplemental Limit
3 years	200% of the annual premium		\$1,000,000

Employment-related Practices Liability			
CMBP 26 09			
Annual Aggregate Limit Of Insurance	Deductible	Retroactive Date	Prior Or Pending Litigation Date
\$500,000	\$5,000	10/27/2023	None
Optional Supplemental Extended Reporting Period	Optional Supplemental Extend Reporting Period	Optional Supplemental Extend Additional Premium	Optional Supplemental Limit
3 years	200% of the annual premium		\$500,000

Employee Benefits Program			
BP 04 98			
Each Employee Limit	Annual Aggregate Limit of insurance	Deductible (each employee)	Retroactive Date
\$500,000	\$1,000,000	\$1,000	10/27/2023
Optional Supplemental Extended Reporting Period	Optional Extend Reporting Period	Optional Supplemental Extend Additional Premium	Optional Supplemental Limit
5 years	100% of the annual premium		\$1,000,000

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Cyber Liability and Data Breach Response	
Policy Aggregate Limit of Liability	
Aggregate for all loss, including "claims expenses", subject to the following:	\$50,000
Information Security and Privacy Liability Aggregate Limit:	\$50,000
Regulatory Defense and Penalties Aggregate Sublimit:	\$10,000
Website Media and Content Liability Aggregate Limit:	\$50,000
PCI Fines, Expenses and Costs Aggregate Sublimit:	\$5,000
Cyber Extortion Aggregate Sublimit:	\$10,000
First Party Data Protection Aggregate Sublimit:	\$10,000
First Party Network Business Interruption Aggregate Sublimit:	\$10,000
Retention Per "Claim" or Incident	
Information Security and Privacy Liability Retention:	\$0
Regulatory Defense and Penalties Retention:	\$0
Website Media and Content Liability Retention:	\$0
PCI Fines, Expenses and Costs Retention:	\$0
Cyber Extortion Retention:	\$2,500
First Party Data Protection Retention:	\$2,500
First Party Network Business Interruption Retention:	the greater of \$2,500 or income loss during 12 hour waiting period
Privacy Breach Response Services Limit of Coverage	
The Privacy Breach Response Services Limit of Coverage is separate from and in addition to the Policy Aggregate Limit of Liability.	
"Computer Expert Services", "Legal Services" and "Public Relations and Crisis Management Expenses" Aggregate Limit:	\$25,000
Notified Individuals - "Notification Services", "Call Center Services" and "Breach Resolution and Mitigation Services" Limit	5000 Notified Individuals
Privacy Breach Response Services Retention Per Incident	
"Computer Expert Services", "Legal Services" and "Public Relations and Crisis Management Expenses":	\$0
Notified Individuals Threshold:	0 Notified Individuals
Retroactive Date	None
Optional Extension Period Length	1 year
Optional Extension Period Premium	100% of annual premium
Premium	\$234

Additional Insured - Mortgagee, Assignee Or Receiver	
BP 04 09	
Name Of Additional Insured Person(s) Or Organization(s):	
New Life Methodist Church 185 2nd Ave E Grant, AL 35747	
Designation Of Premises:	
Premises 2	

POLICY NUMBER: SEL-BOP-0009111

Additional Insured - Designated Person Or Organization

BP 04 48

Name Of Additional Insured Person(s) Or Organization(s):
North Alabama Conference Of The United Methodist Church
898 Arkadelphia Rd
Birmingham, AL 35204

Section II - Liability Endorsements Applicable Per Policy

Endorsement Number	Endorsement Title
BP 04 48	Additional Insured - Designated Person Or Organization
BP 04 98	Employee Benefits Liability Coverage
CMBP 04 05	Cyber Liability And Data Breach Response Endorsement
CMBP 21 01	Lead Liability Exclusion
CMBP 26 01	Counseling Professional Liability Coverage
CMBP 26 03	Child Care Or Adult Day Care Facility
CMBP 26 04	Catastrophic Violence Response Coverage
CMBP 26 05	Abuse Or Molestation Liability And Medical Expenses Coverage
CMBP 26 07	Hired Auto And Non-owned Auto Liability And Medical Expenses
CMBP 26 09	Employment-related Practices Liability Coverage
CMBP 26 14	Directors and Officers Liability Coverage - Claims Made - Defense Inside

Summary of Additional Charges Included in Annual Premium

Disclosure Pursuant To Terrorism Risk Insurance Act

BP 05 15

Schedule - Part I
Terrorism Premium (Certified Acts) \$39
Schedule - Part II
Federal share of terrorism losses 80%

POLICY NUMBER: SEL-BOP-0009111

Forms Included With This Packet	
Form Number	Form Name
Jacket	Policy Jacket
CMBP N 01	Electronic Document Delivery Policyholder Notice
IL N 013 02 13	Alabama Fraud Statement
GR03 02 18	Privacy Practices Disclosure Notice
CMBP N 05	Important Claims Procedure Notice
CMBP DS 01	Businessowners Policy Declarations
BP 00 03	Businessowners Coverage Form
CMBP 04 01	Divine Assurance
BP 01 01	Alabama Changes
BP 05 15 12 20	Disclosure Pursuant To Terrorism Risk Insurance Act
BP 05 01	Calculation Of Premium
BP 14 86	Communicable Disease Exclusion
BP 05 23	Cap On Losses From Certified Acts Of Terrorism
BP 04 46	Ordinance Or Law Coverage
BP 04 53	Water Back-up And Sump Overflow
BP 14 81	Limitations On Coverage For Roof Surfacing
CMBP 04 06	Identity Recovery
CMBP 04 07	Equipment Breakdown
BP 04 09	Additional Insured - Mortgagee, Assignee Or Receiver
BP 04 48	Additional Insured - Designated Person Or Organization
CMBP 04 05	Cyber Liability And Data Breach Response Endorsement
CMBP 21 01	Lead Liability Exclusion
CMBP 26 01	Counseling Professional Liability Coverage
CMBP 26 03	Child Care Or Adult Day Care Facility
CMBP 26 04	Catastrophic Violence Response Coverage
CMBP 26 05	Abuse Or Molestation Liability And Medical Expenses Coverage
CMBP 26 07	Hired Auto And Non-owned Auto Liability And Medical Expenses
CMBP 26 09	Employment-related Practices Liability Coverage
CMBP 26 14	Directors and Officers Liability Coverage - Claims Made - Defense Inside
BP 04 98	Employee Benefits Liability Coverage

BUSINESSOWNERS COVERAGE FORM

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

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

In Section II – Liability, the word "insured" means any person or organization qualifying as such under Paragraph C. Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Paragraph H. Property Definitions in Section I – Property and Paragraph F. Liability And Medical Expenses Definitions in Section II – Liability.

SECTION I – PROPERTY

A. Coverage

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

1. Covered Property

Covered Property includes Buildings as described under Paragraph a. below, Business Personal Property as described under Paragraph b. below, or both, depending on whether a Limit Of Insurance is shown in the Declarations for that type of property. Regardless of whether coverage is shown in the Declarations for Buildings, Business Personal Property, or both, there is no coverage for property described under Paragraph 2. Property Not Covered.

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

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
- (4) Your personal property in apartments, rooms or common areas furnished by you as landlord;

(5) Personal property owned by you that is used to maintain or service the buildings or structures or the premises, including:

- (a) Fire extinguishing equipment;
- (b) Outdoor furniture;
- (c) Floor coverings; and
- (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

(6) If not covered by other insurance:

- (a) Additions under construction, alterations and repairs to the buildings or structures;
- (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the buildings or structures.

b. Business Personal Property located in or on the buildings or structures at the described premises or in the open (or in a vehicle) within 100 feet of the buildings or structures or within 100 feet of the premises described in the Declarations, whichever distance is greater, including:

- (1) Property you own that is used in your business;
- (2) Property of others that is in your care, custody or control, except as otherwise provided in Loss Payment Property Loss Condition Paragraph E.5.d.(3)(b);
- (3) Tenant's improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (4) Leased personal property which you have a contractual responsibility to insure, unless otherwise provided for under Paragraph 1.b.(2); and

- (5) Exterior building glass, if you are a tenant and no Limit Of Insurance is shown in the Declarations for Building property. The glass must be owned by you or in your care, custody or control.

2. Property Not Covered

Covered Property does not include:

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

- i. "Electronic data", except as provided under Additional Coverages – Electronic Data. This Paragraph i. does not apply to your "stock" of prepackaged software or to "electronic data" which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system; or
- j. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings.

3. Covered Causes Of Loss

Direct physical loss unless the loss is excluded or limited under Section I – Property.

4. Limitations

- a. We will not pay for loss of or damage to:
 - (1) Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
 - (2) Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
 - (3) Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property. This limitation does not apply to the Optional Coverage for Money and Securities.
 - (4) Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
 - (5) The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (a) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

- (b) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- (6) Lawns, trees, shrubs or plants which are part of a vegetated roof, caused by or resulting from:
 - (a) Dampness or dryness of atmosphere or of soil supporting the vegetation;
 - (b) Changes in or extremes of temperature;
 - (c) Disease;
 - (d) Frost or hail; or
 - (e) Rain, snow, ice or sleet.
- b. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
 - (1) Animals, and then only if they are killed or their destruction is made necessary.
 - (2) Fragile articles such as glassware, statuary, marble, chinaware and porcelain, if broken. This restriction does not apply to:
 - (a) Glass that is part of the exterior or interior of a building or structure;
 - (b) Containers of property held for sale; or
 - (c) Photographic or scientific instrument lenses.
- c. For loss or damage by theft, the following types of property are covered only up to the limits shown (unless a higher Limit Of Insurance is shown in the Declarations):
 - (1) \$2,500 for furs, fur garments and garments trimmed with fur.
 - (2) \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
 - (3) \$2,500 for patterns, dies, molds and forms.

5. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraphs (2), (3) and (4), we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
 - (a) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;
 - (b) Remove debris of property owned by or leased to the landlord of the building where your described premises are located, unless you have a contractual responsibility to insure such property and it is insured under this policy;
 - (c) Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;
 - (d) Remove property of others of a type that would not be Covered Property under this policy;
 - (e) Remove deposits of mud or earth from the grounds of the described premises;
 - (f) Extract "pollutants" from land or water; or
 - (g) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
 - (a) The most that we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.

- (b) Subject to Paragraph (3)(a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.
- (4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
- (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

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

(5) Examples

Example 1

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

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

Example 2

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

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

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

b. Preservation Of Property

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

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

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$2,500 for service at each premises described in the Declarations, unless a different limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

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

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

d. Collapse

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

- (1) For the purpose of this Additional Coverage – Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
- (2) We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this policy or that contains Covered Property insured under this policy, if such collapse is caused by one or more of the following:
 - (a) Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;

- (b) Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;

- (c) Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.

- (d) Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:

- (i) A cause of loss listed in Paragraph **(2)(a)** or **(2)(b)**;
- (ii) One or more of the "specified causes of loss";
- (iii) Breakage of building glass;
- (iv) Weight of people or personal property; or
- (v) Weight of rain that collects on a roof.

- (3) This Additional Coverage – Collapse does **not** apply to:

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

- (4) With respect to the following property:

- (a) Awnings;
- (b) Gutters and downspouts;
- (c) Yard fixtures;
- (d) Outdoor swimming pools;
- (e) Piers, wharves and docks;
- (f) Beach or diving platforms or appurtenances;
- (g) Retaining walls; and
- (h) Walks, roadways and other paved surfaces;

if an abrupt collapse is caused by a cause of loss listed in Paragraphs **(2)(a)** through **(2)(d)**, we will pay for loss or damage to that property only if such loss or damage is a direct result of the abrupt collapse of a building insured under this policy and the property is Covered Property under this policy.

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

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

- (6)** This Additional Coverage – Collapse does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- (7)** This Additional Coverage – Collapse will not increase the Limits of Insurance provided in this policy.
- (8)** The term Covered Cause of Loss includes the Additional Coverage – Collapse as described and limited in Paragraphs **d.(1)** through **d.(7)**.

e. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

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

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

f. Business Income

(1) Business Income

- (a)** We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of a building, your premises mean:

- (i)** The portion of the building which you rent, lease or occupy;
- (ii)** The area within 100 feet of the building or within 100 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and
- (iii)** Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.

- (b)** We will only pay for loss of Business Income that you sustain during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage. We will only pay for ordinary payroll expenses for 60 days following the date of direct physical loss or damage, unless a greater number of days is shown in the Declarations.
- (c)** Business Income means the:
 - (i)** Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses; and
 - (ii)** Continuing normal operating expenses incurred, including payroll.
- (d)** Ordinary payroll expenses:
 - (i)** Means payroll expenses for all your employees except:
 - i.** Officers;
 - ii.** Executives;
 - iii.** Department Managers;
 - iv.** Employees under contract; and
 - v.** Additional Exemptions shown in the Declarations as:
 - Job Classifications; or
 - Employees.
 - (ii)** Include:
 - i.** Payroll;
 - ii.** Employee benefits, if directly related to payroll;
 - iii.** FICA payments you pay;
 - iv.** Union dues you pay; and
 - v.** Workers' compensation premiums.

(2) Extended Business Income

- (a)** If the necessary suspension of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:
 - (i)** Begins on the date property except finished stock is actually repaired, rebuilt or replaced and "operations" are resumed; and
 - (ii)** Ends on the earlier of:
 - i.** The date you could restore your "operations", with reasonable speed, to the level which would generate the Business Income amount that would have existed if no direct physical loss or damage had occurred; or
 - ii.** 60 consecutive days after the date determined in Paragraph **(a)(i)** above, unless a greater number of consecutive days is shown in the Declarations.
- However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.
- (b)** Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.
- (3)** With respect to the coverage provided in this Additional Coverage, suspension means:
- (a)** The partial slowdown or complete cessation of your business activities; or
 - (b)** That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.
- (4)** This Additional Coverage is not subject to the Limits of Insurance of Section I – Property.

g. Extra Expense

- (1) We will pay necessary Extra Expense you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of a building, your premises mean:

- (a) The portion of the building which you rent, lease or occupy;
 - (b) The area within 100 feet of the building or within 100 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and
 - (c) Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.
- (2) Extra Expense means expense incurred:
- (a) To avoid or minimize the suspension of business and to continue "operations":
 - (i) At the described premises; or
 - (ii) At replacement premises or at temporary locations, including relocation expenses, and costs to equip and operate the replacement or temporary locations.
 - (b) To minimize the suspension of business if you cannot continue "operations".

(c) To:

- (i) Repair or replace any property; or
 - (ii) Research, replace or restore the lost information on damaged "valuable papers and records";
to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage or Additional Coverage f. Business Income.
- (3) With respect to the coverage provided in this Additional Coverage, suspension means:
- (a) The partial slowdown or complete cessation of your business activities; or
 - (b) That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.
- (4) We will only pay for Extra Expense that occurs within 12 consecutive months after the date of direct physical loss or damage. This Additional Coverage is not subject to the Limits of Insurance of Section I – Property.

h. Pollutant Clean-up And Removal

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

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

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

i. Civil Authority

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and
- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil Authority Coverage for necessary Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

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

whichever is later.

The definitions of Business Income and Extra Expense contained in the Business Income and Extra Expense Additional Coverages also apply to this Civil Authority Additional Coverage. The Civil Authority Additional Coverage is not subject to the Limits of Insurance of Section I – Property.

j. Money Orders And "Counterfeit Money"

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

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

The most we will pay for any loss under this Additional Coverage is \$1,000.

k. Forgery Or Alteration

- (1) We will pay for loss resulting directly from forgery or alteration of any check, draft, promissory note, bill of exchange or similar written promise of payment in "money" that you or your agent has issued, or that was issued by someone who impersonates you or your agent.
- (2) If you are sued for refusing to pay the check, draft, promissory note, bill of exchange or similar written promise of payment in "money", on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur in that defense.
- (3) For the purpose of this coverage, check includes a substitute check as defined in the Check Clearing for the 21st Century Act and will be treated the same as the original it replaced.
- (4) The most we will pay for any loss, including legal expenses, under this Additional Coverage is \$2,500, unless a higher Limit Of Insurance is shown in the Declarations.

l. Increased Cost Of Construction

- (1) This Additional Coverage applies only to buildings insured on a replacement cost basis.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in Paragraphs (3) through (9) of this Additional Coverage.

- (3) The ordinance or law referred to in Paragraph (2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
 - (a) You were required to comply with before the loss, even when the building was undamaged; and
 - (b) You failed to comply with.
- (5) Under this Additional Coverage, we will not pay for:
 - (a) The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungi", wet rot or dry rot; or
 - (b) Any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungi", wet rot or dry rot.
- (6) The most we will pay under this Additional Coverage, for each described building insured under Section I – Property, is \$10,000. If a damaged building(s) is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for each damaged building, is \$10,000.

The amount payable under this Additional Coverage is additional insurance.

- (7) With respect to this Additional Coverage:
 - (a) We will not pay for the Increased Cost of Construction:
 - (i) Until the property is actually repaired or replaced, at the same or another premises; and
 - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
 - (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction is the increased cost of construction at the same premises.
 - (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction is the increased cost of construction at the new premises.
- (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion, to the extent that such exclusion would conflict with the provisions of this Additional Coverage.
- (9) The costs addressed in the Loss Payment Property Loss Condition in Section I – Property do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this Additional Coverage, as stated in Paragraph (6) of this Additional Coverage, is not subject to such limitation.

m. Business Income From Dependent Properties

- (1) We will pay for the actual loss of Business Income you sustain due to physical loss or damage at the premises of a dependent property or secondary dependent property caused by or resulting from any Covered Cause of Loss.

However, this Additional Coverage does not apply when the only loss at the premises of a dependent property or secondary dependent property is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property or secondary dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

The most we will pay under this Additional Coverage is \$5,000 unless a higher Limit Of Insurance is indicated in the Declarations.

- (2)** We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available:
 - (a)** Source of materials; or
 - (b)** Outlet for your products.
- (3)** If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.
- (4)** Dependent property means property owned by others whom you depend on to:
 - (a)** Deliver materials or services to you, or to others for your account. But services does not mean water supply services, wastewater removal services, communication supply services or power supply services;
 - (b)** Accept your products or services;
 - (c)** Manufacture your products for delivery to your customers under contract for sale; or
 - (d)** Attract customers to your business.

The dependent property must be located in the coverage territory of this policy.
- (5)** Secondary dependent property means an entity which is not owned or operated by a dependent property and which:
 - (a)** Delivers materials or services to a dependent property, which in turn are used by the dependent property in providing materials or services to you; or

- (b)** Accepts materials or services from a dependent property, which in turn accepts your materials or services.

A road, bridge, tunnel, waterway, airfield, pipeline or any other similar area or structure is not a secondary dependent property.

Any property which delivers any of the following services is not a secondary dependent property with respect to such services:

- (i)** Water supply services;
- (ii)** Wastewater removal services;
- (iii)** Communication supply services; or
- (iv)** Power supply services.

The secondary dependent property must be located in the coverage territory of this policy.

- (6)** The coverage period for Business Income under this Additional Coverage:
 - (a)** Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the premises of the dependent property or secondary dependent property; and
 - (b)** Ends on the date when the property at the premises of the dependent property or secondary dependent property should be repaired, rebuilt or replaced with reasonable speed and similar quality.
- (7)** The Business Income coverage period, as stated in Paragraph **(6)**, does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:
 - (a)** Regulates the construction, use or repair, or requires the tearing down of any property; or
 - (b)** Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not reduce the Business Income coverage period.

- (8) The definition of Business Income contained in the Business Income Additional Coverage also applies to this Business Income From Dependent Properties Additional Coverage.

n. Glass Expenses

- (1) We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.
- (2) We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

o. Fire Extinguisher Systems Recharge Expense

- (1) We will pay:
- (a) The cost of recharging or replacing, whichever is less, your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) if they are discharged on or within 100 feet of the described premises; and
- (b) For loss or damage to Covered Property if such loss or damage is the result of an accidental discharge of chemicals from a fire extinguisher or a fire extinguishing system.
- (2) No coverage will apply if the fire extinguishing system is discharged during installation or testing.
- (3) The most we will pay under this Additional Coverage is \$5,000 in any one occurrence.

p. Electronic Data

- (1) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore "electronic data" which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that "electronic data" is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the "electronic data" was stored, with blank media of substantially identical type.

- (2) The Covered Causes of Loss applicable to Business Personal Property include a computer virus, harmful code or similar instruction introduced into or enacted on a computer system (including "electronic data") or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including "electronic data") by any employee, including a temporary or leased employee, or by an entity retained by you, or for you, to inspect, design, install, modify, maintain, repair or replace that system.

- (3) The most we will pay under this Additional Coverage – Electronic Data for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved, is \$10,000, unless a higher Limit Of Insurance is shown in the Declarations. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in, but not after, that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

- (4) This Additional Coverage does not apply to your "stock" of prepackaged software, or to "electronic data" which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

q. Interruption Of Computer Operations

- (1) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a suspension of "operations" caused by an interruption in computer operations due to destruction or corruption of "electronic data" due to a Covered Cause of Loss.

- (2)** With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:
- (a)** Coverage under this Additional Coverage – Interruption Of Computer Operations is limited to the "specified causes of loss" and Collapse.
 - (b)** If the Businessowners Coverage Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage.
 - (c)** The Covered Causes of Loss include a computer virus, harmful code or similar instruction introduced into or enacted on a computer system (including "electronic data") or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including "electronic data") by any employee, including a temporary or leased employee, or by an entity retained by you, or for you, to inspect, design, install, modify, maintain, repair or replace that system.
- (3)** The most we will pay under this Additional Coverage – Interruption Of Computer Operations for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved, is \$10,000 unless a higher Limit Of Insurance is shown in the Declarations. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.
- (4)** This Additional Coverage – Interruption Of Computer Operations does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in **(3)** above has not been exhausted.
- (5)** Coverage for Business Income does not apply when a suspension of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under Paragraphs **(1)** through **(4)** of this Additional Coverage.

- (6) Coverage for Extra Expense does not apply when action is taken to avoid or minimize a suspension of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under Paragraphs (1) through (4) of this Additional Coverage.
- (7) This Additional Coverage does not apply when loss or damage to "electronic data" involves only "electronic data" which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

r. Limited Coverage For "Fungi", Wet Rot Or Dry Rot

- (1) The coverage described in Paragraphs r.(2) and r.(6) only applies when the "fungi", wet rot or dry rot is the result of a "specified cause of loss" other than fire or lightning 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.

This Additional Coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.

- (2) We will pay for loss or damage by "fungi", wet rot or dry rot. As used in this Limited Coverage, the term loss or damage means:
 - (a) Direct physical loss or damage to Covered Property caused by "fungi", wet rot or dry rot, including the cost of removal of the "fungi", wet rot or dry rot;
 - (b) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungi", wet rot or dry rot; 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 "fungi", wet rot or dry rot is present.

- (3) The coverage described under this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) 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 "fungi", wet rot or dry rot, we will not pay more than the total of \$15,000 even if the "fungi", wet rot or dry rot 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 "fungi", wet rot or dry rot, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungi", wet rot or dry rot, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungi", wet rot or dry rot causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

- (5) The terms of this Limited Coverage do not increase or reduce the coverage provided under the Water Damage, Other Liquids, Powder Or Molten Material Damage or Collapse Additional Coverages.

(6) The following applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the suspension of "operations" satisfies all the terms and conditions of the applicable Business Income and/or Extra Expense Additional Coverage:

- (a) If the loss which resulted in "fungi", wet rot or dry rot does not in itself necessitate a suspension of "operations", but such suspension is necessary due to loss or damage to property caused by "fungi", wet rot or dry rot, then our payment under the Business Income and/or Extra Expense Additional Coverages is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
- (b) If a covered suspension of "operations" was caused by loss or damage other than "fungi", wet rot or dry rot, but remediation of "fungi", wet rot or dry rot prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

6. Coverage Extensions

In addition to the Limits of Insurance of Section I – Property, you may extend the insurance provided by this policy as provided below.

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

a. Newly Acquired Or Constructed Property

(1) Buildings

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

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

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

(2) Business Personal Property

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

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

This Extension does not apply to personal property that you temporarily acquire in the course of installing or performing work on such property or your wholesale activities.

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

(3) Period Of Coverage

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

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

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

b. Personal Property Off-premises

You may extend the insurance provided by this policy to apply to your Covered Property, other than "money" and "securities", "valuable papers and records" or accounts receivable, while it is in the course of transit or at a premises you do not own, lease or operate. The most we will pay for loss or damage under this Extension is \$10,000.

c. Outdoor Property

You may extend the insurance provided by this policy to apply to your outdoor fences, radio and television antennas (including satellite dishes), signs (other than signs attached to buildings), trees, shrubs and plants (other than trees, shrubs or plants which are part of a vegetated roof), including debris removal expense. Loss or damage must be caused by or result from any of the following causes of loss:

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

The most we will pay for loss or damage under this Extension is \$2,500, unless a higher Limit Of Insurance for Outdoor Property is shown in the Declarations, but not more than \$1,000 for any one tree, shrub or plant.

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

d. Personal Effects

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

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

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

e. Valuable Papers And Records

- (1) You may extend the insurance that applies to Business Personal Property to apply to direct physical loss or damage to "valuable papers and records" that you own, or that are in your care, custody or control, caused by or resulting from a Covered Cause of Loss. This Coverage Extension includes the cost to research, replace or restore the lost information on "valuable papers and records" for which duplicates do not exist.
- (2) This Coverage Extension does not apply to:
 - (a) Property held as samples or for delivery after sale; and
 - (b) Property in storage away from the premises shown in the Declarations.
- (3) The most we will pay under this Coverage Extension for loss or damage to "valuable papers and records" in any one occurrence at the described premises is \$10,000, unless a higher Limit Of Insurance for "valuable papers and records" is shown in the Declarations.

For "valuable papers and records" not at the described premises, the most we will pay is \$5,000.

- (4) Loss or damage to "valuable papers and records" will be valued at the cost of restoration or replacement of the lost or damaged information. To the extent that the contents of the "valuable papers and records" are not restored, the "valuable papers and records" will be valued at the cost of replacement with blank materials of substantially identical type.
- (5) Paragraph **B. Exclusions in Section I – Property** does not apply to this Coverage Extension except for:
 - (a) Paragraph **B.1.c.**, Governmental Action;
 - (b) Paragraph **B.1.d.**, Nuclear Hazard;
 - (c) Paragraph **B.1.f.**, War And Military Action;

- (d) Paragraph **B.2.f.**, Dishonesty;
- (e) Paragraph **B.2.g.**, False Pretense;
- (f) Paragraph **B.2.m.(2)**, Errors Or Omissions; and
- (g) Paragraph **B.3.**

f. Accounts Receivable

- (1) You may extend the insurance that applies to Business Personal Property to apply to accounts receivable. We will pay:
 - (a) All amounts due from your customers that you are unable to collect;
 - (b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
 - (c) Collection expenses in excess of your normal collection expenses that are made necessary by loss or damage; and
 - (d) Other reasonable expenses that you incur to reestablish your records of accounts receivable;

that result from direct physical loss or damage by any Covered Cause of Loss to your records of accounts receivable.

- (2) The most we will pay under this Coverage Extension for loss or damage in any one occurrence at the described premises is \$10,000, unless a higher Limit of Insurance for accounts receivable is shown in the Declarations.

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

- (3) Paragraph **B.** Exclusions in Section **I** – Property does not apply to this Coverage Extension except for:
 - (a) Paragraph **B.1.c.**, Governmental Action;
 - (b) Paragraph **B.1.d.**, Nuclear Hazard;
 - (c) Paragraph **B.1.f.**, War And Military Action;
 - (d) Paragraph **B.2.f.**, Dishonesty;
 - (e) Paragraph **B.2.g.**, False Pretense;
 - (f) Paragraph **B.3.**; and
 - (g) Paragraph **B.6.**, Accounts Receivable Exclusion.

g. Business Personal Property Temporarily In Portable Storage Units

- (1) You may extend the insurance that applies to Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the buildings or structures described in the Declarations or within 100 feet of the described premises, whichever distance is greater.
- (2) The limitation under Paragraph **A.4.a.(5)** also applies to property in a portable storage unit.
- (3) Coverage under this Extension:
 - (a) Will end 90 days after the Business Personal Property has been placed in the storage unit;
 - (b) Does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the Business Personal Property has been stored there for 90 or fewer days as of the time of loss or damage.
- (4) Under this Extension, the most we will pay for the total of all loss or damage to Business Personal Property is \$10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units.
- (5) This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form, and does not apply to loss or damage to the storage unit itself.

B. Exclusions

- 1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

a. Ordinance Or Law

- (1) The enforcement of or compliance with any ordinance or law:
 - (a) Regulating the construction, use or repair of any property; or

- (b) Requiring the tearing down of any property, including the cost of removing its debris.
- (2) This exclusion, Ordinance Or Law, applies whether the loss results from:
 - (a) An ordinance or law that is enforced even if the property has not been damaged; or
 - (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property or removal of its debris, following a physical loss to that property.

b. Earth Movement

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

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

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

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

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

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

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss of or damage to Covered Property.

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

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

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

d. Nuclear Hazard

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

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

e. Utility Services

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

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

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

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

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

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

This exclusion does not apply to loss or damage to "computer(s)" and "electronic data".

f. War And Military Action

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

g. Water

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings; or
- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

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

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

h. Certain Computer-related Losses

- (1) The failure, malfunction or inadequacy of:
 - (a) Any of the following, whether belonging to any insured or to others:
 - (i) "Computer" hardware, including microprocessors or other electronic data processing equipment as may be described elsewhere in this policy;
 - (ii) "Computer" application software or other "electronic data" as may be described elsewhere in this policy;
 - (iii) "Computer" operating systems and related software;
 - (iv) "Computer" networks;
 - (v) Microprocessors ("computer" chips) not part of any "computer" system; or
 - (vi) Any other computerized or electronic equipment or components; or
 - (b) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph (a) above;

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

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

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

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

i. "Fungi", Wet Rot Or Dry Rot

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

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

This exclusion does not apply:

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

j. Virus Or Bacteria

- (1) Any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.
- (2) However, the exclusion in Paragraph (1) does not apply to loss or damage caused by or resulting from "fungi", wet rot or dry rot. Such loss or damage is addressed in Exclusion i.
- (3) With respect to any loss or damage subject to the exclusion in Paragraph (1), such exclusion supersedes any exclusion relating to "pollutants".

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

a. Electrical Apparatus

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

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

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

- (1) Electrical current, including arcing;
- (2) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (3) Pulse of electromagnetic energy; or
- (4) Electromagnetic waves or microwaves.

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

We will pay for loss or damage to "computer(s)" due to artificially generated electrical, magnetic or electromagnetic energy if such loss or damage is caused by or results from:

- (1) An occurrence that took place within 100 feet of the described premises; or
- (2) Interruption of electric power supply, power surge, blackout or brownout if the cause of such occurrence took place within 100 feet of the described premises.

b. Consequential Losses

Delay, loss of use or loss of market.

c. Smoke, Vapor, Gas

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

d. Steam Apparatus

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

e. Frozen Plumbing

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

- (1) You do your best to maintain heat in the building or structure; or
- (2) You drain the equipment and shut off the supply if the heat is not maintained.

f. Dishonesty

Dishonest or criminal acts (including theft) by you, anyone else with an interest in the property, or any of your or their partners, "members", officers, "managers", employees (including temporary or leased employees), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1) Applies whether or not an act occurs during your normal hours of operation;
- (2) Does not apply to acts of destruction by your employees (including temporary or leased employees) or authorized representatives; but theft by your employees (including temporary or leased employees) or authorized representatives is not covered.

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

This exclusion does not apply to coverage that is provided under the Employee Dishonesty Optional Coverage.

g. False Pretense

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

h. Exposed Property

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

i. Collapse

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

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

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

(2) This Exclusion **i.** does not apply:

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

j. Pollution

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

k. Neglect

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

l. Other Types Of Loss

- (1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force.

This exclusion does not apply with respect to the breakdown of "computer(s)";
- (7) The following causes of loss to personal property:
 - (a) Dampness or dryness of atmosphere;
 - (b) Changes in or extremes of temperature; or
 - (c) Marring or scratching.

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

m. Errors Or Omissions

Errors or omissions in:

- (1) Programming, processing or storing data, as described under "electronic data" or in any "computer" operations; or
- (2) Processing or copying "valuable papers and records".

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

n. Installation, Testing, Repair

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

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

o. Electrical Disturbance

Electrical or magnetic injury, disturbance or erasure of "electronic data", except as provided for under the Additional Coverages of Section I – Property.

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

p. Continuous Or Repeated Seepage Or Leakage Of Water

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

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

a. Weather Conditions

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

b. Acts Or Decisions

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

c. Negligent Work

Faulty, inadequate or defective:

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

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

4. Additional Exclusion

The following applies only to the property specified in this Additional Exclusion:

Loss Or Damage To Products

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

5. Business Income And Extra Expense Exclusions

a. We will not pay for:

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

(a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

(b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage.

(2) Any other consequential loss.

b. With respect to this exclusion, suspension means:

(1) The partial slowdown or complete cessation of your business activities; and

(2) That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.

6. Accounts Receivable Exclusion

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

We will not pay for:

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

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

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

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

C. Limits Of Insurance

1. The most we will pay for loss or damage in any one occurrence is the applicable Limits Of Insurance of Section I – Property shown in the Declarations.

2. The most we will pay for loss of or damage to outdoor signs attached to buildings is \$1,000 per sign in any one occurrence.

3. The amounts of insurance applicable to the Coverage Extensions and the following Additional Coverages apply in accordance with the terms of such coverages and are in addition to the Limits of Insurance of Section I – Property:

a. Fire Department Service Charge;

b. Pollutant Clean-up And Removal;

c. Increased Cost Of Construction;

d. Business Income From Dependent Properties;

e. Electronic Data; and

f. Interruption Of Computer Operations.

4. Building Limit – Automatic Increase

a. In accordance with Paragraph C.4.b., the Limit of Insurance for Buildings will automatically increase by 8%, unless a different percentage of annual increase is shown in the Declarations.

b. The amount of increase is calculated as follows:

(1) Multiply the Building limit that applied on the most recent of the policy inception date, the policy anniversary date or any other policy change amending the Building limit by:

(a) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 7% is .07); or

(b) .08, if no percentage of annual increase is shown in the Declarations; and

(2) Multiply the number calculated in accordance with b.(1) by the number of days since the beginning of the current policy year, or the effective date of the most recent policy change amending the Building limit, divided by 365.

Example

If:

The applicable Building limit is \$100,000. The annual percentage increase is 8%. The number of days since the beginning of the policy year (or last policy change) is 146.

The amount of increase is

$$\$100,000 \times .08 \times 146 \div 365 = \$3,200.$$

5. Business Personal Property Limit – Seasonal Increase

a. Subject to Paragraph 5.b., the Limit of Insurance for Business Personal Property is automatically increased by:

(1) The Business Personal Property – Seasonal Increase percentage shown in the Declarations; or

(2) 25% if no Business Personal Property – Seasonal Increase percentage is shown in the Declarations;

to provide for seasonal variances.

b. The increase described in Paragraph 5.a. will apply only if the Limit Of Insurance shown for Business Personal Property in the Declarations is at least 100% of your average monthly values during the lesser of:

(1) The 12 months immediately preceding the date the loss or damage occurs; or

(2) The period of time you have been in business as of the date the loss or damage occurs.

D. Deductibles

1. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable Limit of Insurance of Section I – Property.

2. Regardless of the amount of the Deductible, the most we will deduct from any loss or damage under all of the following Optional Coverages in any one occurrence is the Optional Coverage Deductible shown in the Declarations:

- a. Money and Securities;
- b. Employee Dishonesty;
- c. Outdoor Signs; and
- d. Forgery or Alteration.

But this Optional Coverage Deductible will not increase the Deductible shown in the Declarations. This Deductible will be used to satisfy the requirements of the Deductible in the Declarations.

3. No deductible applies to the following Additional Coverages:

- a. Fire Department Service Charge;
- b. Business Income;
- c. Extra Expense;
- d. Civil Authority; and
- e. Fire Extinguisher Systems Recharge Expense.

E. Property Loss Conditions

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

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

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

3. Duties In The Event Of Loss Or Damage

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

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limits of Insurance of Section I – Property. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (8) Cooperate with us in the investigation or settlement of the claim.
- (9) Resume all or part of your "operations" as quickly as possible.

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

4. Legal Action Against Us

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

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

5. Loss Payment

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

a. At our option, we will either:

- (1) Pay the value of lost or damaged property;
 - (2) Pay the cost of repairing or replacing the lost or damaged property;
 - (3) Take all or any part of the property at an agreed or appraised value; or
 - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to Paragraph **d.(1)(e)** below.
- b. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
 - c. We will not pay you more than your financial interest in the Covered Property.
 - d. Except as provided in Paragraphs (2) through (7) below, we will determine the value of Covered Property as follows:
 - (1) At replacement cost without deduction for depreciation, subject to the following:
 - (a) If, at the time of loss, the Limit of Insurance on the lost or damaged property is 80% or more of the full replacement cost of the property immediately before the loss, we will pay the cost to repair or replace, after application of the deductible and without deduction for depreciation, but not more than the least of the following amounts:
 - (i) The Limit of Insurance under Section I – Property that applies to the lost or damaged property;

- (ii) The cost to replace, on the same premises, the lost or damaged property with other property:
 - i. Of comparable material and quality; and
 - ii. Used for the same purpose; or
- (iii) The amount that you actually spend that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost is limited to the cost which would have been incurred had the building been built at the original premises.

- (b) If, at the time of loss, the Limit of Insurance applicable to the lost or damaged property is less than 80% of the full replacement cost of the property immediately before the loss, we will pay the greater of the following amounts, but not more than the Limit of Insurance that applies to the property:

- (i) The actual cash value of the lost or damaged property; or
- (ii) A proportion of the cost to repair or replace the lost or damaged property, after application of the deductible and without deduction for depreciation. This proportion will equal the ratio of the applicable Limit of Insurance to 80% of the full replacement cost of the property.

Example

The full replacement cost of property which suffers a total loss is \$100,000. The property is insured for \$70,000. 80% of the full replacement cost of the property immediately before the loss is \$80,000 (\$100,000 x .80 = \$80,000). A partial loss of \$25,000 is sustained. The amount of recovery is determined as follows:

Amount of recovery
 $\$70,000 \div \$80,000 = .875$
 $.875 \times \$25,000 = \$21,875$

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

However, if the cost to repair or replace the damaged building property is \$2,500 or less, we will settle the loss according to the provisions of Paragraphs **d.(1)(a)** and **d.(1)(b)** above whether or not the actual repair or replacement is complete.

- (e) The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
- (2) If the Actual Cash Value – Buildings option applies, as shown in the Declarations, Paragraph (1) above does not apply to Buildings. Instead, we will determine the value of Buildings at actual cash value.
- (3) The following property at actual cash value:
 - (a) Used or secondhand merchandise held in storage or for sale;
 - (b) Property of others. However, if an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance;

- (c) Household contents, except personal property in apartments or rooms furnished by you as landlord;
 - (d) Manuscripts; and
 - (e) Works of art, antiques or rare articles, including etchings, pictures, statuary, marble, bronzes, porcelain and bric-a-brac.
- (4) Glass at the cost of replacement with safety glazing material if required by law.
- (5) Tenants' improvements and betterments at:
- (a) Replacement cost if you make repairs promptly.
 - (b) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (i) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (ii) Divide the amount determined in (i) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
 - (c) Nothing if others pay for repairs or replacement.
- (6) Applicable only to the Optional Coverages:
- (a) "Money" at its face value; and
 - (b) "Securities" at their value at the close of business on the day the loss is discovered.
- (7) Applicable only to accounts receivable:
- (a) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage:
 - (i) We will determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and
 - (ii) We will adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.
 - (b) The following will be deducted from the total amount of accounts receivable, however that amount is established:
 - (i) The amount of the accounts for which there is no loss or damage;
 - (ii) The amount of the accounts that you are able to reestablish or collect;
 - (iii) An amount to allow for probable bad debts that you are normally unable to collect; and
 - (iv) All unearned interest and service charges.
- e. Our payment for loss of or damage to personal property of others will only be for the account of the owners of the property. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, provided you have complied with all of the terms of this policy, and:
- (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.

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

6. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, you may retain the property. But then you must return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limits of Insurance of Section I – Property.

7. Resumption Of Operations

We will reduce the amount of your:

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

8. Vacancy

a. Description Of Terms

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

b. Vacancy Provisions

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

- (1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:
 - (a) Vandalism;
 - (b) Sprinkler leakage, unless you have protected the system against freezing;

- (c) Building glass breakage;
- (d) Water damage;
- (e) Theft; or
- (f) Attempted theft.

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

F. Property General Conditions

1. Control Of Property

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

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

2. Mortgageholders

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

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

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

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

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

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

3. No Benefit To Bailee

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

4. Policy Period, Coverage Territory

Under Section I – Property:

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

G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages also apply. These coverages are subject to the terms and conditions applicable to property coverage in this policy, except as provided below:

1. Outdoor Signs

- a. We will pay for direct physical loss of or damage to all outdoor signs at the described premises:
 - (1) Owned by you; or
 - (2) Owned by others but in your care, custody or control.
- b. Paragraph **A.3.**, Covered Causes Of Loss and Paragraph **B.**, Exclusions in Section I – Property do not apply to this Optional Coverage, except for:
 - (1) Paragraph **B.1.c.**, Governmental Action;
 - (2) Paragraph **B.1.d.**, Nuclear Hazard; and
 - (3) Paragraph **B.1.f.**, War And Military Action.
- c. We will not pay for loss or damage caused by or resulting from:
 - (1) Wear and tear;
 - (2) Hidden or latent defect;
 - (3) Rust;
 - (4) Corrosion; or
 - (5) Mechanical breakdown.
- d. The most we will pay for loss or damage in any one occurrence is the Limit Of Insurance for Outdoor Signs shown in the Declarations.
- e. The provisions of this Optional Coverage supersede all other references to outdoor signs in this policy.

2. Money And Securities

- a. We will pay for loss of "money" and "securities" used in your business while at a bank or savings institution, within your living quarters or the living quarters of your partners or any employee (including a temporary or leased employee) having use and custody of the property, at the described premises, or in transit between any of these places, resulting directly from:
 - (1) Theft, meaning any act of stealing;
 - (2) Disappearance; or
 - (3) Destruction.

- b. In addition to the Limitations and Exclusions applicable to Section I – Property, we will not pay for loss:

- (1) Resulting from accounting or arithmetical errors or omissions;
- (2) Due to the giving or surrendering of property in any exchange or purchase; or
- (3) 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.

- c. The most we will pay for loss in any one occurrence is:

- (1) The limit shown in the Declarations for Inside the Premises for "money" and "securities" while:
 - (a) In or on the described premises; or
 - (b) Within a bank or savings institution; and
- (2) The limit shown in the Declarations for Outside the Premises for "money" and "securities" while anywhere else.

- d. All loss:

- (1) Caused by one or more persons; or
 - (2) Involving a single act or series of related acts;
- is considered one occurrence.

- e. You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

3. Employee Dishonesty

- a. We will pay for direct loss of or damage to Business Personal Property and "money" and "securities" resulting from dishonest acts committed by any of your employees acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:
 - (1) Cause you to sustain loss or damage; and also
 - (2) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
 - (a) Any employee; or
 - (b) Any other person or organization.

- b.** We will not pay for loss or damage:
- (1)** Resulting from any dishonest or criminal act that you or any of your partners or "members" commit whether acting alone or in collusion with other persons.
 - (2)** Resulting from any dishonest act committed by any of your employees (except as provided in Paragraph **a.**), "managers" or directors:
 - (a)** Whether acting alone or in collusion with other persons; or
 - (b)** While performing services for you or otherwise.
 - (3)** The only proof of which as to its existence or amount is:
 - (a)** An inventory computation; or
 - (b)** A profit and loss computation.
 - (4)** Caused by an employee if the employee had also committed theft or any other dishonest act prior to the effective date of this policy 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.** The most we will pay for loss or damage in any one occurrence is the Limit Of Insurance for Employee Dishonesty shown in the Declarations.
- d.** All loss or damage:
- (1)** Caused by one or more persons; or
 - (2)** Involving a single act or series of acts; is considered one occurrence.
- e.** If any loss is covered:
- (1)** Partly by this insurance; and
 - (2)** Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;
- the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.
- We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.
- f.** This Optional Coverage is cancelled as to any employee immediately upon discovery by:
- (1)** You; or
 - (2)** Any of your partners, "members", "managers", officers or directors not in collusion with the employee;
- of any dishonest act committed by that employee before or after being hired by you.
- g.** We will pay only for covered loss or damage sustained during the policy period and discovered no later than one year from the end of the policy period.
- h.** If you (or any predecessor in interest) sustained loss or damage during the policy period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Optional Coverage, provided:
- (1)** This Optional Coverage became effective at the time of cancellation or termination of the prior insurance; and
 - (2)** The loss or damage would have been covered by this Optional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.
- i.** The insurance under Paragraph **h.** above is part of, not in addition to, the Limit of Insurance applying to this Optional Coverage and is limited to the lesser of the amount recoverable under:
- (1)** This Optional Coverage as of its effective date; or
 - (2)** The prior insurance had it remained in effect.
- j.** With respect to the Employee Dishonesty Optional Coverage in Paragraph **G.3.**, employee means:
- (1)** Any natural person:
 - (a)** While in your service or for 30 days after termination of service;
 - (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 (1) above, who is on leave; or
 - (b) To meet seasonal or short-term workload conditions;
- (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 (2) above;
- (4) Any natural person who is a former employee, director, partner, member, manager, representative or trustee retained as a consultant while performing services for you; or
- (5) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside any building you occupy in conducting your business.

But employee does not mean:

- (1) Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
- (2) Any "manager", director or trustee except while performing acts coming within the usual duties of an employee.

4. Equipment Breakdown Protection Coverage

- a. We will pay for direct loss of or damage to Covered Property caused by or resulting from a mechanical breakdown or electrical failure to pressure, mechanical or electrical machinery and equipment.

Mechanical breakdown or electrical failure to pressure, mechanical or electrical machinery and equipment does not mean any:

- (1) Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification;
- (2) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
- (3) Damage to any vacuum tube, gas tube, or brush; or
- (4) The functioning of any safety or protective device.

- b. Paragraphs **A.4.a.(1)** and **A.4.a.(2)**, Limitations, do not apply to this Optional Coverage.
- c. With respect to the coverage provided by this Optional Coverage, the following exclusions in Paragraph **B. Exclusions** do not apply:
 - (1) Paragraph **B.2.a.**, Electrical Apparatus;
 - (2) Paragraph **B.2.d.**, Steam Apparatus; and
 - (3) Paragraph **B.2.i.(6)**, Mechanical Breakdown.
- d. With respect to the coverage provided by this Optional Coverage, Paragraph **G.1.c.(5)** of the **Outdoor Signs Optional Coverage** does not apply.
- e. If a dollar deductible is shown in the Declarations for this Optional Coverage, we will first subtract the applicable deductible amount from any loss we would otherwise pay. We will then pay the amount of loss in excess of the applicable deductible up to the applicable limit for this coverage.

If no optional deductible is chosen for this Optional Coverage, the Property Deductible shown in the Declarations applies.

- f. With respect to Additional Coverages **5.f.** Business Income and **5.g.** Extra Expense, if the 72-hour time period in the definition of "period of restoration" (hereinafter referred to as time deductible) is amended for this Optional Coverage as shown in the Declarations, we will not pay for any Business Income loss that occurs during the consecutive number of hours shown as the time deductible in the Declarations immediately following a mechanical breakdown or electrical failure. If a time deductible is shown in days, each day shall mean 24 consecutive hours.

With respect to the coverage provided by this Optional Coverage, any time deductible shown in the Declarations for Equipment Breakdown Protection Coverage supersedes any time deductible otherwise applicable to the Business Income coverage provided by this policy.

- g. With respect to the coverage provided by this Optional Coverage, Paragraph **H. Property Definitions** is amended as follows:
 - 1. "Computer" means:
 - a. Programmable electronic equipment that is used to store, retrieve and process data; and

- b. Associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as data transmission.

"Computer" includes those used to operate production-type machinery or equipment.

- h. Whenever any covered pressure, mechanical or electrical machinery and equipment is found to be in, or exposed to, a dangerous condition, any of our representatives may suspend coverage provided by this Optional Coverage for loss from a mechanical breakdown or electrical failure to that pressure, mechanical or electrical machinery and equipment.

However, coverage provided by this Optional Coverage may be reinstated for loss from a mechanical breakdown or electrical failure to that pressure, mechanical or electrical machinery and equipment if the reasons for the suspension are found by any of our representatives to no longer exist.

We may suspend or reinstate this Optional coverage by mailing or delivering a written notification regarding the suspension or reinstatement to:

- (1) Your last known address; or
- (2) The address where the pressure, mechanical or electrical machinery and equipment is located.

This notification will indicate the effective date of the suspension or reinstatement.

If the coverage provided by this Optional Coverage is not reinstated, 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.

H. Property Definitions

1. "Computer" means:

- a. Programmable electronic equipment that is used to store, retrieve and process data; and
- b. Associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as data transmission.

"Computer" does not include those used to operate production-type machinery or equipment.

- 2. "Counterfeit money" means an imitation of "money" that is intended to deceive and to be taken as genuine.
- 3. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a "computer" or device connected to it, which enable the "computer" or device to receive, process, store, retrieve or send data.
- 4. "Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 5. "Manager" means a person serving in a directorial capacity for a limited liability company.
- 6. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".
- 7. "Money" means:
 - a. Currency, coins and bank notes in current use and having a face value; and
 - b. Traveler's checks, register checks and money orders held for sale to the public.
- 8. "Operations" means your business activities occurring at the described premises.
- 9. "Period of restoration":
 - a. Means the period of time that:
 - (1) Begins:
 - (a) 72 hours after the time of direct physical loss or damage for Business Income Coverage; or
 - (b) Immediately after the time of direct physical loss or damage for Extra Expense Coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and

- (2) Ends on the earlier of:
 - (a) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (b) The date when business is resumed at a new permanent location.

- b. Does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:
 - (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
 - (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

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

- 10. "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.
- 11. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or other property and includes:
 - a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

- 12. "Specified causes of loss" means the following:

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

 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.

- b. Falling objects does not include loss of or damage to:

- (1) Personal property in the open; or
- (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

- c. Water damage means:

- (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam; and
- (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the described premises and is part of a municipal potable water supply system or municipal sanitary sewer system, if the breakage or cracking is caused by wear and tear.

But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion. Therefore, for example, there is no coverage in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth in **c.(1)** or **c.(2)** of this definition of "specified causes of loss", such water is not subject to the provisions of the Water Exclusion which preclude coverage for surface water or water under the ground surface.

- 13. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

14. "Valuable papers and records" means inscribed, printed or written:

- a. Documents;
- b. Manuscripts; and
- c. Records;

including abstracts, books, deeds, drawings, films, maps or mortgages.

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

SECTION II – LIABILITY

A. Coverages

1. Business Liability

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury", "property damage" or "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" or any offense and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Paragraph **D. Liability And Medical Expenses Limits Of Insurance** in Section II – Liability; and
- (2) Our right and duty to defend end when we have used up the applicable Limit of Insurance in the payment of judgments or settlements or medical expenses.

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

b. This insurance applies:

- (1) To "bodily injury" and "property damage" only if:
 - (a) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
 - (b) The "bodily injury" or "property damage" occurs during the policy period; and

(c) Prior to the policy period, no insured listed under Paragraph **C.1. Who Is An Insured** and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known before the policy period.

- (2) To "personal and advertising injury" caused by an offense arising out of your business, but only if the offense was committed in the "coverage territory" during the policy period.
- c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph **C.1. Who Is An Insured** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of "bodily injury" or "property damage" after the end of the policy period.
- d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph **C.1. Who Is An Insured** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:
 - (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
 - (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
 - (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.
- e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

f. Coverage Extension – Supplementary Payments

- (1) We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:
- (a) All expenses we incur.
 - (b) Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Business Liability Coverage for "bodily injury" applies. We do not have to furnish these bonds.
 - (c) The cost of bonds to release attachments, but only for bond amounts within our Limit of Insurance. We do not have to furnish these bonds.
 - (d) All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
 - (e) All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.
 - (f) Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.
 - (g) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit of Insurance.

These payments will not reduce the limit of liability.

- (2) If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:
- (a) The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
 - (b) This insurance applies to such liability assumed by the insured;
 - (c) The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
 - (d) The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
 - (e) The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
 - (f) The indemnitee:
 - (i) Agrees in writing to:
 - i. Cooperate with us in the investigation, settlement or defense of the "suit";
 - ii. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
 - iii. Notify any other insurer whose coverage is available to the indemnitee; and

- iv. Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
- (ii) Provides us with written authorization to:
 - i. Obtain records and other information related to the "suit"; and
 - ii. Conduct and control the defense of the indemnitee in such "suit".
- (3) So long as the conditions in Paragraph (2) are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph B.1.b.(2) Exclusions in Section II – Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the Limits of Insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

- (a) We have used up the applicable Limit of Insurance in the payment of judgments or settlements; or
- (b) The conditions set forth above, or the terms of the agreement described in Paragraph (2)(f) above, are no longer met.

2. Medical Expenses

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:
 - (1) On premises you own or rent;
 - (2) On ways next to premises you own or rent; or
 - (3) Because of your operations; provided that:
 - (a) The accident takes place in the "coverage territory" and during the policy period;
 - (b) The expenses are incurred and reported to us within one year of the date of the accident; and

- (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.
- b. We will make these payments regardless of fault. These payments will not exceed the Limits of Insurance of Section II – Liability. We will pay reasonable expenses for:
 - (1) First aid administered at the time of an accident;
 - (2) Necessary medical, surgical, X-ray and dental services, including prosthetic devices; and
 - (3) Necessary ambulance, hospital, professional nursing and funeral services.

B. Exclusions

1. Applicable To Business Liability Coverage

This insurance does not apply to:

a. Expected Or Intended Injury

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

b. Contractual Liability

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

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorneys' fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
 - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and

- (b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

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

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

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

- (a) The supervision, hiring, employment, training or monitoring of others by an insured; or
- (b) Providing or failing to provide transportation with respect to any person that may be under the influence of alcohol;

if the "occurrence" which caused the "bodily injury" or "property damage", involved that which is described in Paragraph (1), (2) or (3) above.

However, this exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages. For the purposes of this exclusion, permitting a person to bring alcoholic beverages on your premises, for consumption on your premises, whether or not a fee is charged or a license is required for such activity, is not by itself considered the business of selling, serving or furnishing alcoholic beverages.

d. Workers' Compensation And Similar Laws

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

e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured; or

- (b) Performing duties related to the conduct of the insured's business; or

- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

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

f. Pollution

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

- (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:

- (i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;

- (ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or

- (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";

- (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
 - (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:
 - (i) Any insured; or
 - (ii) Any person or organization for whom you may be legally responsible;
 - (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
 - (i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;
 - (ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
 - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire"; or
 - (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".
- (2) Any loss, cost or expense arising out of any:
- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
 - (b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement or such claim or "suit" by or on behalf of a governmental authority.

g. Aircraft, Auto Or Watercraft

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

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

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 51 feet long; and
 - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (5) "Bodily injury" or "property damage" arising out of:
 - (a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged; or
 - (b) The operation of any of the following machinery or equipment:
 - (i) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - (ii) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

h. Mobile Equipment

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

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition or stunting activity.

i. War

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

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

j. Professional Services

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

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

- (7) Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;
- (8) Body piercing services; and
- (9) Services in the practice of pharmacy.

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured, if the "occurrence" which caused the "bodily injury" or "property damage", or the offense which caused the "personal and advertising injury", involved the rendering or failure to render of any professional service.

k. Damage To Property

"Property damage" to:

- (1) Property you own, rent or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractor or subcontractor working directly or indirectly on your behalf is performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of seven or fewer consecutive days. A separate Limit of Insurance applies to Damage To Premises Rented To You as described in Paragraph D. Liability And Medical Expenses Limits Of Insurance in Section II – Liability.

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

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

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

i. Damage To Your Product

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

m. Damage To Your Work

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

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

n. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

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

o. Recall Of Products, Work Or Impaired Property

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

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

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

p. Personal And Advertising Injury

"Personal and advertising injury":

- (1) Caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury";
- (2) Arising out of oral or written publication, in any manner, of material, if done by or at the direction of the insured with knowledge of its falsity;
- (3) Arising out of oral or written publication, in any manner, of material whose first publication took place before the beginning of the policy period;
- (4) For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement;
- (5) Arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement";
- (6) Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement";
- (7) Arising out of the wrong description of the price of goods, products or services stated in your "advertisement";
- (8) Committed by an insured whose business is:
 - (a) Advertising, broadcasting, publishing or telecasting;
 - (b) Designing or determining content of web sites for others; or
 - (c) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **14.a.**, **b.** and **c.** of "personal and advertising injury" under Paragraph **F. Liability And Medical Expenses Definitions**.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, by itself, is not considered the business of advertising, broadcasting, publishing or telecasting;

- (9) Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time;
- (10) With respect to any loss, cost or expense arising out of any:
 - (a) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
 - (b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants";
- (11) Arising out of an electronic chatroom or bulletin board the insured hosts, owns or over which the insured exercises control;
- (12) Arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your "advertisement".

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan;
- (13) Arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatags, or any other similar tactics to mislead another's potential customers.

q. Electronic Data

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

However, this exclusion does not apply to liability for damages because of "bodily injury".

As used in this exclusion, electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

r. Criminal Acts

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

s. Recording And Distribution Of Material Or Information In Violation Of Law

"Bodily injury", "property damage" or "personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or
- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

Exclusions **c., d., e., f., g., h., i., k., l., m., n.** and **o.** in Section II – Liability do not apply to damage by fire to premises while rented to you, or temporarily occupied by you with permission of the owner. A separate Damage To Premises Rented To You Limit of Insurance applies to this coverage as described in Paragraph **D.** Liability And Medical Expenses Limits of Insurance in Section II – Liability.

2. Applicable To Medical Expenses Coverage

We will not pay expenses for "bodily injury":

- a. To any insured, except "volunteer workers".
- b. To a person hired to do work for or on behalf of any insured or a tenant of any insured.
- c. To a person injured on that part of premises you own or rent that the person normally occupies.
- d. To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.
- e. To a person injured while practicing, instructing or participating in any physical exercises or games, sports or athletic contests.
- f. Included within the "products-completed operations hazard".
- g. Excluded under Business Liability Coverage.

3. Applicable To Both Business Liability Coverage And Medical Expenses Coverage – Nuclear Energy Liability Exclusion

This insurance does not apply:

- a. Under Business Liability Coverage, to "bodily injury" or "property damage":
 - (1) With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by the Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

- (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which:
- (a) Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or
 - (b) The insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
- b. Under Medical Expenses Coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.
- c. Under Business Liability Coverage, to "bodily injury" or "property damage" resulting from the "hazardous properties" of the "nuclear material"; if:
- (1) The "nuclear material":
 - (a) Is at any "nuclear facility" owned by, or operated by or on behalf of, an insured; or
 - (b) Has been discharged or dispersed therefrom;
 - (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or
 - (3) The "bodily injury" or "property damage" arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility"; but if such facility is located within the United States of America, its territories or possessions or Canada, this Exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.
- d. As used in this exclusion:
- (1) "By-product material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
 - (2) "Hazardous properties" include radioactive, toxic or explosive properties;
 - (3) "Nuclear facility" means:
 - (a) Any "nuclear reactor";
 - (b) Any equipment or device designed or used for:
 - (i) Separating the isotopes of uranium or plutonium;
 - (ii) Processing or utilizing "spent fuel"; or
 - (iii) Handling, processing or packaging "waste";
 - (c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
 - (d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

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

 - (4) "Nuclear material" means "source material", "special nuclear material" or "by-product material";
 - (5) "Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;
 - (6) "Property damage" includes all forms of radioactive contamination of property;
 - (7) "Source material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
 - (8) "Special nuclear material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
 - (9) "Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor";

(10) "Waste" means any waste material:

- (a) Containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content; and
- (b) Resulting from the operation by any person or organization of any "nuclear facility" included under Paragraphs (a) and (b) of the definition of "nuclear facility".

C. Who Is An Insured

1. If you are designated in the Declarations as:

- a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b. A partnership or joint venture, you are an insured. Your members, your partners and their spouses are also insureds, but only with respect to the conduct of your business.
- c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
- d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
- e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

2. Each of the following is also an insured:

- a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:

(1) "Bodily injury" or "personal and advertising injury":

- (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
- (b) To the spouse, child, parent, brother or sister of that co-"employee" as a consequence of Paragraph (a) above;
- (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph (a) or (b); or
- (d) Arising out of his or her providing or failing to provide professional health care services.

(2) "Property damage" to property:

- (a) Owned, occupied or used by;

- (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by;

you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

- b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.
- c. Any person or organization having proper temporary custody of your property if you die, but only:
 - (1) With respect to liability arising out of the maintenance or use of that property; and
 - (2) Until your legal representative has been appointed.
- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this policy.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

D. Liability And Medical Expenses Limits Of Insurance

- 1. The Limits of Insurance of Section II – Liability shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits".
- 2. The most we will pay for the sum of all damages because of all:
 - a. "Bodily injury", "property damage" and medical expenses arising out of any one "occurrence"; and
 - b. "Personal and advertising injury" sustained by any one person or organization;

is the Liability and Medical Expenses limit shown in the Declarations. But the most we will pay for all medical expenses because of "bodily injury" sustained by any one person is the Medical Expenses limit shown in the Declarations.

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

4. Aggregate Limits

The most we will pay for:

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

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

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

E. Liability And Medical Expenses General Conditions

1. Bankruptcy

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

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

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
 - (1) How, when and where the "occurrence" or offense took place;
 - (2) The names and addresses of any injured persons and witnesses; and
 - (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.
- b. If a claim is made or "suit" is brought against any insured, you must:
 - (1) Immediately record the specifics of the claim or "suit" and the date received; and
 - (2) Notify us as soon as practicable.
You must see to it that we receive written notice of the claim or "suit" as soon as practicable.
- c. You and any other involved insured must:
 - (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
 - (2) Authorize us to obtain records and other information;
 - (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
 - (4) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply.
- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this policy:

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

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

4. Separation Of Insureds

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

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

F. Liability And Medical Expenses Definitions

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

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

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
4. "Coverage territory" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;

- b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph **a.** above; or
- c. All other parts of the world if the injury or damage arises out of:
 - (1) Goods or products made or sold by you in the territory described in Paragraph **a.** above;
 - (2) The activities of a person whose home is in the territory described in Paragraph **a.** above, but is away for a short time on your business; or
 - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication;

provided the insured's responsibility to pay damages is determined in a "suit" on the merits in the territory described in Paragraph **a.** above or in a settlement we agree to.

- 5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
- 6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, bylaws or any other similar governing document.
- 7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
- 8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
 - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by:

- (1) The repair, replacement, adjustment or removal of "your product" or "your work"; or
- (2) Your fulfilling the terms of the contract or agreement.

- 9. "Insured contract" means:
 - a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";

- b. A sidetrack agreement;
- c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e. An elevator maintenance agreement;
- f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph **f.** does not include that part of any contract or agreement:

- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing;
- (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in Paragraph **(2)** above and supervisory, inspection or engineering services.

- 10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

11. "Loading or unloading" means the handling of property:

- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b. While it is in or on an aircraft, watercraft or "auto"; or
- c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b. Vehicles maintained for use solely on or next to premises you own or rent;
- c. Vehicles that travel on crawler treads;
- d. Vehicles, whether self-propelled or not, on which are permanently mounted:
 - (1) Power cranes, shovels, loaders, diggers or drills; or
 - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e. Vehicles not described in Paragraph a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (2) Cherry pickers and similar devices used to raise or lower workers;
- f. Vehicles not described in Paragraph a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

- (1) Equipment designed primarily for:
 - (a) Snow removal;
 - (b) Road maintenance, but not construction or resurfacing; or
 - (c) Street cleaning;
- (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

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

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
- d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- e. Oral or written publication, in any manner, of material that violates a person's right of privacy;

- f. The use of another's advertising idea in your "advertisement"; or
 - g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".
15. "Pollutants" 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.

16. "Products-completed operations hazard":
- a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
 - (1) Products that are still in your physical possession; or
 - (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a) When all of the work called for in your contract has been completed.
 - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c) When that part of the work done at the job site has been put to its intended use by any other person or organization other than another contractor or subcontractor working on the same project.

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

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

- b. Does not include "bodily injury" or "property damage" arising out of:
 - (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured; or
 - (2) The existence of tools, uninstalled equipment or abandoned or unused materials.

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

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

As used in this definition, electronic data means information, facts or programs stored as, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage", or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:
- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
 - b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.
19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.
20. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.
21. "Your product":
- a. Means:
 - (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (a) You;
 - (b) Others trading under your name; or

(c) A person or organization whose business or assets you have acquired; and

(2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes:

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and

(2) The providing of or failure to provide warnings or instructions.

c. Does not include vending machines or other property rented to or located for the use of others but not sold.

22. "Your work":

a. Means:

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

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

b. Includes:

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and

(2) The providing of or failure to provide warnings or instructions.

**SECTION III – COMMON POLICY CONDITIONS
(APPLICABLE TO SECTION I – PROPERTY AND
SECTION II – LIABILITY)**

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.

2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

a. Five days before the effective date of cancellation if any one of the following conditions exists at any building that is Covered Property in this policy:

(1) The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:

(a) Seasonal unoccupancy; or

(b) Buildings in the course of construction, renovation or addition.

Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.

(2) After damage by a Covered Cause of Loss, permanent repairs to the building:

(a) Have not started; and

(b) Have not been contracted for; within 30 days of initial payment of loss.

(3) The building has:

(a) An outstanding order to vacate;

(b) An outstanding demolition order; or

(c) Been declared unsafe by governmental authority.

(4) Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling.

(5) Failure to:

(a) Furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or

(b) Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.

b. 10 days before the effective date of cancellation if we cancel for nonpayment of premium.

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

3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.

4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.

5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.

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

B. Changes

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

C. Concealment, Misrepresentation Or Fraud

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

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

D. Examination Of Your Books And Records

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

E. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake 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 and healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

F. Insurance Under Two Or More Coverages

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

G. Liberalization

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

H. Other Insurance

1. If there is other insurance covering the same loss or damage, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance of Section I – Property.
2. Business Liability Coverage is excess over:
 - a. Any other insurance that insures for direct physical loss or damage; or
 - b. Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured.
3. When this insurance is excess, we will have no duty under Business Liability Coverage to defend any claim or "suit" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

I. Premiums

1. The first Named Insured shown in the Declarations:
 - a. Is responsible for the payment of all premiums; and
 - b. Will be the payee for any return premiums we pay.
2. The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

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

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

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

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

J. Premium Audit

- 1. This policy is subject to audit if a premium designated as an advance premium is shown in the Declarations. We will compute the final premium due when we determine your actual exposures.
- 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.

K. Transfer Of Rights Of Recovery Against Others To Us

1. Applicable to Businessowners Property Coverage:

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

- a. Prior to a loss to your Covered Property.

b. After a loss to your Covered Property only if, at time of loss, that party is one of the following:

- (1) Someone insured by this insurance;
- (2) A business firm:
 - (a) Owned or controlled by you; or
 - (b) That owns or controls you; or
- (3) Your tenant.

You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers.

This will not restrict your insurance.

2. Applicable to Businessowners Liability Coverage:

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

L. Transfer Of Your Rights And Duties Under This Policy

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**DIVINE ASSURANCE™**

This Divine Assurance™ endorsement modifies the BUSINESSOWNERS COVERAGE FORM and any endorsements thereto unless otherwise stated in such endorsements.

SECTION I – PROPERTY

A. Coverage in SECTION I – PROPERTY is amended as follows:

1. The following are added to paragraph a. in **1. Covered Property:**

(7) Fixed:

(a) Seats,

(b) Desks, and

(c) Tables;

(8) Steeples, pews, baptistries, pulpits, railings, altars, lecterns, clocks, bells, and organs;

2. Paragraph a.(3)(b) in **1. Covered Property** is removed and replaced by the following:

Equipment, including electric sound amplification equipment and accessories;

3. Paragraph b.(2) in **1. Covered Property** is removed.

4. Paragraph a. in **2. Property Not Covered** is removed and replaced by the following:

a. Vehicles or self-propelled machines (including automobiles, and aircraft) that:

(1) Are operated principally away from the described premises; or

(2) Are licensed for use on public roads.

5. The following are added to **2. Property Not Covered:**

k. Bridges, roadways, walks, patios, or other paved surfaces;

l. The cost of excavations, grading, backfilling, or filling;

m. Foundations of buildings, structures, machinery, or boilers if their foundations are below:

(1) The lowest basement floor; or

(2) The surface of the ground, if there is no basement;

n. Bulkheads, pilings, piers, wharves, or docks;

o. Property that is covered under another form of this policy or any other policy in which it is more specifically described.

6. The following is added to **5. Additional Coverages:**

s. Lock Replacement

We will pay any necessary expense to repair or replace exterior or interior door locks of a covered building:

(1) If your door keys are stolen in a covered theft loss; or

(2) When your property is damaged and your door keys are stolen by burglars.

The most we will pay under this Additional Coverage is \$500 for any one occurrence.

7. Paragraph b. **Personal Property Off-premises** in **6. Coverage Extensions** is amended as follows:

The reference to the limit of \$10,000 is removed and replaced with the limit of \$25,000.

8. Paragraph d. **Personal Effects** in **6. Coverage Extensions** is removed and replaced by the following:

d. Personal Effects

You may extend the insurance that applies to Business Personal Property to apply to personal effects owned by you, your officers, your trustees, your volunteers acting on your behalf, your guests, or your employees including temporary or leased employees. This extension does not apply to:

(1) Tools and equipment;

(2) Personal effects that are located in dwelling or living quarters; or

(3) Business personal effects of your clergy.

The most we will pay for loss or damage under this Extension is \$5,000 in any one occurrence.

9. The following are added to **6. Coverage Extensions:**

h. Personal Tools And Equipment Of Others

(1) You may extend the insurance that applies to Business Personal Property to apply to:

(a) Personal tools and equipment of your officers, your trustees, your volunteers acting on your behalf, your guests, your employees, including temporary or leased employees or volunteers; and

(b) Personal tools and equipment of others in your care, custody, or control.

(2) This Extension applies only when the personal tools and equipment are used for the construction, renovation, or repair at the described premises.

(3) This Extension does not apply:

(a) To tools and equipment that are located in dwelling or living quarters; or

(b) To business personal effects of your clergy.

The most we will pay for loss or damage under this Extension is \$5,000 in any one occurrence.

i. Business Personal Effects Of Clergy

(1) You may extend the insurance that applies to Business Personal Property to apply to business personal effects of your clergy.

(2) This extension applies when business personal effects of your clergy are at or away from the building at the described premises.

(3) This extension does not apply to tools or equipment.

The most we will pay for loss or damage under this Extension is \$10,000 in any one occurrence unless a higher limit is shown in the Declarations.

j. Dwelling

(1) You may extend the insurance that applies to any dwelling occupied by not more than four families and described in the Declarations to apply to that dwelling's:

(a) "Related private structures."

(b) "Rental value."

(c) "Additional living expense."

(2) The most we will pay for loss or damage to dwelling "related private structures" under this Extension is up to 10% of the Limit of Insurance that applies to that dwelling.

(3) We will pay expenses for either "rental value" or "additional living expense" that occur within 12 consecutive months after the date of direct physical loss or damage.

B. B. Exclusions in SECTION I – PROPERTY is amended as follows:

1. Paragraph (6) in 2.I. Other Types Of Loss is removed and replaced by the following:

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

This exclusion does not apply with respect to the breakdown of "computer(s)";

2. The following exclusion is added:

7. Loss Due To By-Products Of Production Or Processing Operations (Rental Properties)

a. We will not pay for loss or damage to any rental unit(s), or to the building(s) in which such unit(s) are located, including any contents of such units(s) and building(s), caused, directly or indirectly, by or resulting from smoke, vapor, gas or any substance released in the course of production operations or processing operations performed at the rental units(s). This exclusion applies regardless of whether such operations are:

(1) Legally permitted or prohibited;

(2) Permitted or prohibited under the terms of the lease; or

(3) Usual to the intended occupancy of the premises.

This exclusion does not apply to loss or damage by fire or explosion that results from the release of a by-product of the production or processing operation.

b. If the loss or damage described in a. above results in Business Income

loss or Extra Expense, there is no coverage for such loss or expense under Business Income or Extra Expense Additional Coverages.

- c. The conduct of a tenant's production or processing operations will not be considered to be vandalism of the rental premises regardless of whether such operations are:
- (1) Legally permitted or prohibited;
 - (2) Permitted or prohibited under the terms of the lease; or
 - (3) Usual to the intended occupancy of the premises.

- C. Paragraph 2. in **C. Limits Of Insurance** in **SECTION I – PROPERTY** is amended as follows:

The reference to the limit of \$1,000 is removed and replaced with the limit of \$2,500.

- D. Paragraph **D. Deductibles** in **SECTION I – PROPERTY** is amended as follows:

1. Paragraph 2.d. is removed.
2. The following are added to paragraph 3.:
 - f. Forgery or Alteration.
 - g. Lock Replacement.

- E. Paragraph 5.d.(3) in **E. Property Loss Conditions** in **SECTION I – PROPERTY** is amended as follows:

Paragraphs (b) and (c) are removed.

- F. Paragraph a. in **1. Outdoor Signs** in **G. Optional Coverages** in **SECTION I – PROPERTY** is removed and replaced by the following:

- a. We will pay for direct physical loss of or damage to all outdoor signs whether attached or not attached to the building including signs over 100 feet from the described premises.
- (1) Owned by you; or
 - (2) Owned by others but in your care, custody or control.

- G. The following is added to paragraph c. in **2. Money And Securities** in **G. Optional Coverages**:

Subject to (1) and (2) above, we will pay up to double the applicable limit when the insured has declared a "special coverage day". The applicable limit is doubled beginning at 12:01 a.m., seven days before each "special coverage day", until 12:00 midnight, seven days after each "special coverage day". You may declare up to three "special coverage days" per annual policy

period. You may not apply this Optional Coverage beyond the expiration date of this policy.

- H. The following definitions are added to **H. Property Definitions** in **SECTION I – PROPERTY**:

"Additional living expense" means any necessary increase in living expenses you incur for your employees (including your clergy) so they can maintain their normal standard of living. Additional living expense begins with the date the premises are untenable due to covered loss or damage and ends on the date the premises should be repaired or rebuilt with reasonable speed and similar quality.

"Related private structures" means any structure located on the same premises as the described dwelling and which pertains to the occupancy of the dwelling.

"Rental value" means:

- a. The actual gross rental income from tenant occupancy of the dwelling as furnished and equipped by you; plus
- b. The amount of all charges which were the legal obligations of the tenant and which become your obligation.

Rental value coverage begins with the date the premises are untenable due to covered loss or damage and ends on the date the premises should be repaired or rebuilt with reasonable speed and similar quality.

"Special coverage day" includes federal holidays, state holidays, local holidays, religious observances, and special events.

However, special coverage day does not include regularly scheduled activities.

SECTION II – LIABILITY

- A. The following is added to **f. Coverage Extension – Supplementary Payments** in **1. Business Liability** in **A. Coverages** in **SECTION II – LIABILITY**:

- (4) We will pay for loss to property of others, not to exceed \$500 in any one "occurrence," caused by persons participating in an activity organized by you. Loss shall mean damage or destruction, but does not include disappearance, theft, or loss of use. This insurance does not apply:

- (a) If coverage is provided in **SECTION I – PROPERTY**; or
- (b) If the loss is covered by any other insurance you have or by any insurance of such person who causes such loss.

These payments will not reduce the Limit of Insurance.

B. Paragraph a.(3)(b) in 2. Medical Expenses in A. Coverages in SECTION II – LIABILITY is removed and replaced by the following:

(b) The expenses are incurred and reported to us within three years of the date of the accident; and

C. B. Exclusions in SECTION II – LIABILITY is amended as follows:

1. The following are added to j. Professional Services in 1. Applicable To Business Liability Coverage:

(10) Any counseling that results in a “counseling incident”.

(11) The handling or treatment of dead bodies including autopsies, organ donation, or other procedures.

2. The following is added to p. Personal And Advertising Injury in 1. Applicable To Business Liability Coverage:

(14) Arising out of any access to or disclosure of any person’s or organization’s confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of any access to or disclosure of any person’s or organization’s confidential or personal information.

3. The following are added to 1. Applicable To Business Liability Coverage:

t. Employment Related Practices

“Bodily injury”, “property damage” or “personal and advertising injury” that arises out of any:

- (1)** Refusal to employ;
- (2)** Termination of employment;
- (3)** Coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination, misconduct, or other employment-related practices, policies, acts, or omissions; or

(4) Consequential “bodily injury” or “personal and advertising injury” as a result of **(1)**, **(2)**, or **(3)** above.

This exclusion applies whether the insured is liable either as an employer or in any other capacity; or there is an obligation to fully or partially reimburse a third party for damages arising out of **(1)**, **(2)**, **(3)**, or **(4)** above.

u. Abuse Or Molestation

“Bodily injury”, “property damage” or “personal and advertising injury” that arises out of any actual or alleged act of “abuse or molestation.” This includes, but is not limited to any claim or “suit” seeking damages based upon, arising out of, or attributable to vicarious liability; negligence in hiring, employment, supervision, retention, or transfer of any “employee” or “volunteer workers”; recommendation or referral of any person for employment or volunteer work; failure to protect or negligent supervision of any person (whether an adult or child) failure to warn, failure to investigate, or failure to comply with any obligation to report; and counseling.

v. Violation Of Law

“Bodily injury”, “property damage” or “personal and advertising injury” based on, attributable to, or arising out of any actual or alleged violation of a penal statute, regulation, or ordinance committed by or with the knowledge or consent of any insured.

4. Exclusion q. Electronic Data in 1. Applicable To Business Liability Coverage is removed and replaced by the following:

q. Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability

(1) Damages, other than damages because of “personal and advertising injury”, arising out of any access to or disclosure of any person’s or organization’s confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or

(2) Damages arising out of the loss of, loss of use of, damage to, corruption

of, inability to access, or inability to manipulate electronic data.

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

However, unless Paragraph (1) above applies, this exclusion does not apply to damages because of "bodily injury".

As used in this exclusion, electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

5. The final paragraph of **B.1. Exclusions - Applicable To Business Liability Coverage** is removed and replaced by the following:

With respect to the premises rented to you or temporarily occupied by you with the permission of the owner, Exclusions **c., d., e., g., h., k., l., m., n.** and **o.**, do not apply to "property damage". A separate Damage To Premises Rented To You Limit of Insurance applies to this coverage as described in Paragraph **D. Liability And Medical Expenses Limits of Insurance** in **SECTION II – LIABILITY.**

- D. C. Who Is An Insured** in **SECTION II – LIABILITY** is amended as follows:

1. The following are added to paragraph 2.:
 - e. Your clergy and "executive officers" are insureds but only with respect to their duties as such.
 - f. Your directors, trustees, officials, elders, deacons, vestry members, council members, and members of your board of education are insureds but only with respect to their duties as such.

- g. Any individuals affiliated with your organization with respect to their liability for your activities or activities they perform on your behalf are insureds.

- h. Any organization controlled by you is an insured but only if there is no other similar insurance available to that organization. However, no organization is an insured for any injury or damage that occurred before you acquired control of the organization.

- i. With respect to "mobile equipment" owned by you, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:

- (1) "Bodily injury" to a co-"employee" of the person driving the equipment; or
- (2) "Property damage" to property owned by, rented to, in charge of, or occupied by you or the employer of any person who is an insured under this provision.

2. The following are added:

3. If the first Named Insured under this policy operates as a specific unit that is part of a corporate entity, then the insurance provided by this policy applies only to the premises and operations of the first Named Insured.

4. This insurance does not apply to the corporate entity or to any other premises or operations of any other unit of the corporate entity unless such unit or entity is specifically named as an additional insured under this policy.

- E. Paragraph 3. in D. Liability And Medical Expenses Limits Of Insurance** in **SECTION II – LIABILITY** is removed and replaced by the following:

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

Declarations. For a premises temporarily occupied by you, the applicable limit will be the highest Damage To Premises Rented To You limit shown in the Declarations.

F. The following definitions are added to F. Liability And Medical Expenses Definitions in SECTION II – LIABILITY:

"Abuse or molestation" means actual, attempted, alleged or threatened abuse or molestation of any person by another person while the person is in the care, custody or control of any insured. This includes physical abuse, sexual assault, sexual injury, sexual misconduct or sexual molestation. However, abuse or molestation does not include "sexual harassment".

"Counseling incident" means any act or omission in the furnishing of counseling services.

"Sexual harassment" means any actual, attempted or alleged unwelcome sexual advances, requests for sexual favors or other conduct of a sexual nature by a person to another person or persons, but only when:

- a. Submission to or rejection of such conduct is made either implicitly or explicitly a condition of a person's employment or a basis for employment decisions affecting a person; or
- b. Such conduct has the purpose or effect of unreasonably interfering with an "employee's" work performance or creating an intimidating, hostile, or offensive work environment for your "employees".

SECTION III – COMMON POLICY CONDITIONS (APPLICABLE TO SECTION I – PROPERTY AND SECTION II – LIABILITY)

Paragraph **F. Insurance Under Two Or More Coverages** is removed and replaced by the following:

F. Insurance Under Two Or More Coverages

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

- a. The actual amount of the loss or damage; or
- b. The highest Limit of Insurance that applies to any one of the coverages.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ALABAMA CHANGES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

A. Section I – Property is amended as follows:

1. The following exclusion and related provisions are added to Paragraph **B.2. Exclusions**:

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 coinsured when the loss or damage is otherwise covered under this policy and is proximately related to and in furtherance of an abusive act by an insured who is a family or household member. Such coverage will be provided only if the innocent coinsured:

- (1) Provides evidence of the abuse to us, to demonstrate that the loss is abuse-related; and
- (2) For the act causing the loss, either:
 - (a) Files a complaint under the Protection From Abuse Act against the abuser, and does not voluntarily dismiss the complaint; or
 - (b) Seeks a warrant for the abuser's arrest and cooperates in the prosecution of the abuser.

c. If we pay a claim pursuant to Paragraph **1.b.**, our payment to the innocent coinsured is limited to that insured's legal 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.

2. The following is added to any provision which uses the term actual cash value:

Actual cash value is calculated as the amount it would cost to repair or replace Covered Property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for depreciation.

However, if Covered Property, at the time of loss or damage, has nominal or no economic value, or a value disproportionate to replacement cost less depreciation, the determination of actual cash value as set forth above is not required.

Actual cash value applies to valuation of Covered Property regardless of whether that property has sustained partial or total loss or damage.

The actual cash value of the lost or damaged property may be significantly less than its replacement cost.

3. Paragraph **E.4. Legal Action Against Us** is replaced by the following:

4. Legal Action Against Us

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

- a. There has been full compliance with all of the terms of this insurance; and
- b. The action is brought within the time limitations prescribed by Alabama law.

B. Section II – Liability is amended as follows:

1. In Paragraph **C. Who Is An Insured**, the term "executive officer" means a person holding any of the officer positions created by your charter, constitution, bylaws or any other similar governing document.

C. Section III – Common Policy Conditions is amended as follows:

- 1. Paragraph **A.2.a. Cancellation** does not apply.
- 2. The following is added to Paragraph **K. Transfer Of Rights Of Recovery Against Others To Us**:

If we pay an innocent coinsured for loss arising out of an act of abuse by another insured, the rights of the innocent coinsured to recover damages from the abuser are transferred to us to the extent of our payment. Following the loss, the innocent coinsured may not waive such rights to recover against the abuser.

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

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

SCHEDULE

SCHEDULE – PART I
<p>Terrorism Premium (Certified Acts) \$</p> <p>Additional information, if any, concerning the terrorism premium:</p>
SCHEDULE – PART II
<p>Federal share of terrorism losses 80 % (Refer to Paragraph B. in this endorsement.)</p>
<p>Information required to complete this Schedule, if not shown above, will be shown in the Declarations.</p>

A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals a percentage (as shown in Part II of the Schedule of this endorsement or in the policy Declarations) of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

C. Cap On Insurer Participation In Payment Of Terrorism Losses

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.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALCULATION OF PREMIUM

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following is added:

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ORDINANCE OR LAW COVERAGE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Premises Number	Building Number	Coverage 1 (Check if applies)	Coverage 2 Limit Of Insurance	Coverage 3 Limit Of Insurance	Coverages 2 And 3 Combined Limit Of Insurance*
		<input type="checkbox"/>	\$	\$	\$
		<input type="checkbox"/>	\$	\$	\$
		<input type="checkbox"/>	\$	\$	\$
Business Income And Extra Expense Optional Coverage (Enter Yes or No):					
Number Of Hours' Waiting Period For Period Of Restoration Applicable To Business Income And Extra Expense Optional Coverage:					
*Do not enter a Combined Limit of Insurance if individual Limits of Insurance are selected for Coverages 2 and 3, or if one of these Coverages is not applicable.					
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.					

Section I – Property is amended as follows:

A. Each Coverage – Coverage 1, Coverage 2 and Coverage 3 – is provided under this endorsement only if that Coverage(s) is chosen by entry in the above Schedule and then only with respect to the building identified for the Coverage(s) in the Schedule.

B. Application Of Coverage(s)

The Coverage(s) provided by this endorsement applies only if both **B.1.** and **B.2.** are satisfied and are then subject to the qualifications set forth in **B.3.**

1. The ordinance or law:
 - a. Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
 - b. Is in force at the time of loss.

But coverage under this endorsement applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this endorsement.

2. The building sustains direct physical damage:
 - a. That is covered under this policy and as a result of such damage, you are required to comply with the ordinance or law; or
 - b. That is covered under this policy and direct physical damage that is not covered under this policy, and as a result of the building damage in its entirety, you are required to comply with the ordinance or law.
 - c. But if the damage is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this endorsement even if the building has also sustained covered direct physical damage.

3. In the situation described in **B.2.b.** above, we will not pay the full amount of loss otherwise payable under the terms of Coverages **1, 2** and/or **3** of this endorsement. Instead, we will pay a proportion of such loss, meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

(Section **H.** of this endorsement provides an example of this procedure.)

However, if the covered direct physical damage alone would have resulted in a requirement to comply with the ordinance or law, then we will pay the full amount of loss otherwise payable under terms of Coverages **1, 2** and/or **3** of this endorsement.

C. We will not pay under Coverage **1, 2** or **3** of this endorsement for:

1. Enforcement of or compliance with any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungi", wet rot or dry rot;

2. The costs associated with the enforcement of or compliance with any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungi", wet rot or dry rot.

D. Coverage

1. Coverage 1 – Coverage For Loss To The Undamaged Portion Of The Building

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage **1** for the loss in value of the undamaged portion of the building as a consequence of a requirement to comply with an ordinance or law that requires demolition of undamaged parts of the same building. Coverage **1** is included within the Limit Of Insurance shown in the Declarations as applicable to the covered building. Coverage **1** does not increase the Limit of Insurance.

2. Coverage 2 – Demolition Cost Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of a requirement to comply with an ordinance or law that requires demolition of such undamaged property.

Paragraph **E.5.d. Loss Payment** Property Loss Condition does not apply to **Demolition Cost Coverage.**

3. Coverage 3 – Increased Cost Of Construction Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

- a. Repair or reconstruct damaged portions of that building; and/or
- b. Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

when the increased cost is a consequence of a requirement to comply with the minimum standards of the ordinance or law.

However:

- a. This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.
- b. We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

Paragraph **E.5.d. Loss Payment** Property Loss Condition does not apply to the **Increased Cost Of Construction Coverage.**

E. Loss Payment

1. All following loss payment Provisions **E.2.** through **E.5.** are subject to the apportionment procedure set forth in Section **B.3.** of this endorsement:

2. When there is a loss in value of an undamaged portion of a building to which Coverage **1** applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:

a. If the property is repaired or replaced on the same or another premises, we will not pay more than the lesser of:

(1) The amount you actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or

(2) The Limit Of Insurance shown in the Declarations as applicable to the covered building.

b. If the property is **not** repaired or replaced, we will not pay more than the lesser of:

(1) The actual cash value of the building at the time of loss; or

(2) The Limit Of Insurance shown in the Declarations as applicable to the covered building.

3. Unless Paragraph **E.5.** applies, loss payment under Coverage **2** – Demolition Cost Coverage will be determined as follows:

We will not pay more than the lesser of the following:

a. The amount you actually spend to demolish and clear the site of the described premises; or

b. The applicable Limit Of Insurance shown for Coverage **2** in the Schedule above.

4. Unless Paragraph **E.5.** applies, loss payment under Coverage **3** – Increased Cost Of Construction Coverage will be determined as follows:

a. We will not pay under Coverage **3**:

(1) Until the property is actually repaired or replaced, at the same or another premises; and

(2) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

b. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage **3** is the lesser of:

(1) The increased cost of construction at the same premises; or

(2) The applicable Limit Of Insurance shown for Coverage **3** in the Schedule above.

c. If the ordinance or law requires relocation to another premises, the most we will pay under Coverage **3** is the lesser of:

(1) The increased cost of construction at the new premises; or

(2) The applicable Limit Of Insurance shown for Coverage **3** in the Schedule above.

5. If a Combined Limit Of Insurance is shown for Coverages **2** and **3** in the Schedule above, Paragraphs **E.2.** and **E.3.** of this endorsement do not apply with respect to the building property that is subject to the Combined Limit, and the following loss payment provisions apply instead:

The most we will pay, for the total of all covered losses for Demolition Cost and Increased Cost Of Construction, is the Combined Limit Of Insurance shown for Coverages **2** and **3** in the Schedule above. Subject to this Combined Limit of Insurance, the following loss payment provisions apply:

a. For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.

b. With respect to the Increased Cost Of Construction:

(1) We will not pay for the increased cost of construction:

(a) Until the property is actually repaired or replaced, at the same or another premises; and

(b) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

(2) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.

(3) If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

F. The terms of this endorsement apply separately to each building to which this endorsement applies.

G. Under this endorsement, we will not pay for loss due to any ordinance or law that:

1. You were required to comply with before the loss, even if the building was undamaged; and
2. You failed to comply with.

H. Example of Proportionate Loss Payment for Ordinance or Law Coverage Losses (procedure as set forth in Section B.3. of this endorsement).

Assume:

- Wind is a Covered Cause of Loss. Flood is an excluded Cause of Loss;
- The building has a value of \$200,000;
- Total direct physical damage to building: \$100,000;
- The ordinance or law in this jurisdiction is enforced when building damage equals or exceeds 50% of the building's value;
- Portion of direct physical damage that is covered (caused by wind): \$30,000;
- Portion of direct physical damage that is not covered (caused by flood): \$70,000; and
- Loss under Ordinance or Law Coverage 3 of this endorsement: \$60,000.

Step 1: Determine the proportion that the covered direct physical damage bears to the total direct physical damage.

$\$30,000 \text{ divided by } \$100,000 = .30$

Step 2: Apply that proportion to the Ordinance or Law loss.

$\$60,000 \times .30 = \$18,000$

In this example, the most we will pay under this endorsement for the Coverage 3 loss is \$18,000, subject to the applicable Limit of Insurance and any other applicable provisions.

NOTE: The same procedure applies to losses under Coverages 1 and 2 of this endorsement.

I. If shown as applicable in the Schedule of this endorsement, the following applies:

Business Income And Extra Expense Optional Coverage

1. If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of suspension of your "operations" caused by or resulting from a requirement to comply with any ordinance or law that:

- a. Regulates the construction or repair of any property;
- b. Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and
- c. Is in force at the time of loss.

However, coverage is not extended under this endorsement to include loss caused by or resulting from the enforcement of or compliance with any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

2. Paragraph H.9. **Period Of Restoration** Definition is replaced by the following:

9. "Period of restoration" means the period of time that:

a. Begins:

(1) 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises, unless a lesser number of hours is shown in the Schedule of this endorsement; or

(2) Immediately after the time of the direct physical loss or damage for Extra Expense Coverage caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WATER BACK-UP AND SUMP OVERFLOW

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Premises Number	Covered Property Annual Aggregate Limit Of Insurance	Business Income And Extra Expense Annual Aggregate Limit Of Insurance
	\$	\$
	\$	\$
	\$	\$

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. We will pay for direct physical loss or damage to Covered Property, covered under Section I – Property, caused by or resulting from:

1. Water or waterborne material which backs up through or overflows or is otherwise discharged from a sewer or drain; or
2. Water or waterborne material which overflows or is otherwise discharged from a sump pump or related equipment, even if the overflow or discharge results from mechanical breakdown of a sump pump or its related equipment.

However, with respect to Paragraph **A.2.**, we will not pay the cost of repairing or replacing a sump pump or its related equipment in the event of mechanical breakdown.

B. The coverage described in Paragraph **A.** of this endorsement does not apply to loss or damage resulting from:

1. An insured's failure to keep a sump pump or its related equipment in proper working condition;
2. An insured's failure to perform the routine maintenance or repair necessary to keep a sewer or drain free from obstructions; or
3. Sump pump failure which is caused by or results from failure of power, unless this policy is endorsed to cover power failure affecting the described premises.

C. The most we will pay for the coverage provided under this endorsement for all direct physical loss or damage to Covered Property is the Covered Property Annual Aggregate Limit of Insurance. That limit is \$5,000 per location, unless a different Covered Property Annual Aggregate Limit Of Insurance is indicated in the Schedule of this endorsement.

The applicable Covered Property Annual Aggregate Limit of Insurance is the most we will pay under this endorsement for the total of all direct physical loss or damage sustained in any one policy year, regardless of the number of occurrences that cause or result in loss or damage to Covered Property. If loss payment for the first such occurrence does not exhaust the applicable Limit of Insurance, then the balance of that limit is available for subsequent loss or damage sustained in, but not after, that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

D. The following provisions apply to **Section I – Property** and supersede any provisions to the contrary:

The most we will pay under:

1. Paragraph **A.5.f.** Business Income Additional Coverage for all loss of Business Income you sustain due to the necessary suspension of your "operations" caused by direct physical loss or damage to Covered Property as described in Paragraph **A.** of this endorsement; and
2. Paragraph **A.5.g.** Extra Expense Additional Coverage for all necessary Extra Expense you incur and that you would not have incurred if there had been no direct physical loss or damage to Covered Property as described in Paragraph **A.** of this endorsement;

is the Business Income And Extra Expense Annual Aggregate Limit of Insurance. That limit is \$5,000 per location, unless a different Business Income And Extra Expense Annual Aggregate Limit Of Insurance is shown in the Schedule.

The applicable Business Income And Extra Expense Annual Aggregate Limit of Insurance is the most we will pay under this endorsement for the total of all loss of Business Income you sustain and Extra Expense you incur in any one policy year, regardless of the number of occurrences that cause or result in loss or damage to Covered Property as described in Paragraph **A.** of this endorsement. If loss payment during an earlier "period of restoration" in the policy year does not exhaust the applicable Limit of Insurance, then the balance of that limit is available for loss of Business Income you sustain or Extra Expense you incur during a subsequent "period of restoration" beginning in, but not after, that policy year. With respect to a "period of restoration" which begins in one policy year and continues in a subsequent policy year(s), all loss of Business Income you sustain or Extra Expense you incur is deemed to be sustained or incurred in the policy year in which the "period of restoration" began.

E. With respect to the coverage provided under this endorsement, the **Water** Exclusion in **Section I – Property** is replaced by the following:

Water

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

This exclusion applies regardless of whether any of the above, in Paragraphs **1.** through **4.**, is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs **1.** through **4.**, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

F. For the purposes of this endorsement, the term drain includes a roof drain and related fixtures.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITATIONS ON COVERAGE FOR ROOF SURFACING

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Premises Number	Building Number	Indicate Applicability (Paragraph A. and/or Paragraph B.)

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. The following provision applies to **Section I – Property** with respect to the building(s) identified in the Schedule as being subject to this Paragraph **A.:**

The following is added to Paragraph **E.5.d.(3)** of the **Loss Payment** Property Loss Condition:

(f) Roof surfacing.

B. The following provision applies to **Section I – Property** with respect to the building(s) identified in the Schedule as being subject to this Paragraph **B.:**

We will not pay for cosmetic damage to roof surfacing caused by windstorm or hail. For the purpose of this endorsement, cosmetic damage means that the windstorm or hail caused marring, pitting or other superficial damage that altered the appearance of the roof surfacing, but such damage does not prevent the roof from continuing to function as a barrier to entrance of the elements to the same extent as it did before the cosmetic damage occurred.

C. For the purpose of this endorsement, roof surfacing refers to the shingles, tiles, cladding, metal or synthetic sheeting or similar materials covering the roof and includes all materials used in securing the roof surface and all materials applied to or under the roof surface for moisture protection, as well as roof flashing.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMUNICABLE DISEASE EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

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

Communicable Disease

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of the actual or alleged transmission of a communicable disease.

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

- a. Supervising, hiring, employing, training or monitoring of others that may be infected with and spread a communicable disease;
- b. Testing for a communicable disease;
- c. Failure to prevent the spread of the disease; or
- d. Failure to report the disease to authorities.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

IDENTITY RECOVERY

IDENTITY THEFT CASE MANAGEMENT SERVICE AND EXPENSE REIMBURSEMENT

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

A. The following is added to A.5. Additional Coverages in SECTION I – PROPERTY:

Identity Recovery

1. We will provide the Case Management Service and Costs Coverage indicated below if all of the following requirements are met:

- a. There has been an "identity theft" involving the personal identity of an "identity recovery insured" under this policy; and
- b. Such "identity theft" took place in the "coverage territory"; and
- c. Such "identity theft" is first discovered by the "identity recovery insured" during the policy period for which this Identity Recovery coverage is applicable; and
- d. Such "identity theft" is reported to us within 60 days after it is first discovered by the "identity recovery insured."

2. If the requirements listed above have been met, then "we" will provide the following to the "insured":

a. Case Management Service

Services of an "identity recovery case manager" as needed to respond to the "identity theft"; and

b. Expense Reimbursement

Reimbursement of necessary and reasonable "identity recovery expenses" incurred as a direct result of the "identity theft."

B. The following are added to paragraph 2. in B. Exclusions in SECTION I – PROPERTY:

1. Theft

The theft of a professional or business identity.

2. Fraudulent, Dishonest or Criminal Act

Any fraudulent, dishonest or criminal act by an "identity recovery insured" or any person aiding or abetting an "identity recovery

insured", or by any authorized representative of an "identity recovery insured", whether acting alone or in collusion with others. However, this exclusion shall not apply to the interests of an "identity recovery insured" who has no knowledge of or involvement in such fraud, dishonesty or criminal act.

3. Identity Theft

An "identity theft" that is not reported in writing to the police.

C. The following is added to C. Limits Of Insurance in SECTION I – PROPERTY:

Identity Recovery

1. Case Management Service is available as needed for any one "identity theft" for up to 12 consecutive months from the inception of the service. Expenses we incur to provide Case Management Service do not reduce the amount of limit available for Expense Reimbursement Coverage.

2. Expense Reimbursement Coverage is subject to an Identity Recovery Limit of \$15,000 annual aggregate per "identity recovery insured." The Identity Recovery Limit shall apply separately to each 12 month period within the policy period. For policy periods greater than 12 months, this coverage will be subject to a new and separate Identity Recovery Limit upon each 12 month anniversary of the beginning of the policy period. Regardless of the number of claims, the Identity Recovery Limit is the most we will pay for the total of all loss or expense arising out of all "identity thefts" to any one "identity recovery insured" which are first discovered by the "identity recovery insured" during the present 12 month period. If an "identity theft" is first discovered in one 12 month period and continues into other 12 month periods, all loss and expense arising from such "identity theft" will be subject to the aggregate Identity Recovery Limit applicable to the 12 month period when the "identity theft" was first discovered.

3. Legal costs as provided under item **d.** of the definition of "identity recovery expenses" are part of, and not in addition to, the Expense Reimbursement Coverage limit.
4. Item **e.** (Lost Wages) and item **f.** (Child and Elder Care Expenses) of the definition of "identity recovery expenses" are jointly subject to a sublimit of \$5,000. This sublimit is part of, and not in addition to, the Expense Reimbursement Coverage limit. Coverage is limited to wages lost and expenses incurred within 12 months after the first discovery of the "identity theft" by the "identity recovery insured."
5. Item **g.** (Mental Health Counseling) of the definition of "identity recovery expenses" is subject to a sublimit of \$1,000. This sublimit is part of, and not in addition to, the Expense Reimbursement Coverage limit. Coverage is limited to counseling that takes place within 12 months after the first discovery of the "identity theft" by the "identity recovery insured."
6. Item **h.** (Miscellaneous Unnamed Costs) of the definition of "identity recovery expenses" is subject to a sublimit of \$1,000. This sublimit is part of, and not in addition to, the Expenses Reimbursement Coverage limit. Coverage is limited to costs incurred within 12 months after the first discovery of the "identity theft" by the "identity recovery insured."

D. The following is added to paragraph 3. in **D. Deductibles** in **SECTION I – PROPERTY:**
Identity Recovery.

E. The following are added to **E. Property Loss Conditions** in **SECTION I – PROPERTY:**

1. Assistance and Claims

For assistance, the "identity recovery insured" should call the **Identity Recovery Help Line** at **1-844-863-4646**.

The **Identity Recovery Help Line** can provide the "identity recovery insured" with:

- a. Information and advice for how to respond to a possible "identity theft"; and
- b. Instructions for how to submit a service request for Case Management Service and/or a claim form for Expense Reimbursement Coverage.

In some cases, we may provide Case Management services at our expense to an "identity recovery insured" prior to a determination that a covered "identity theft" has occurred. Our provision of such services is not an admission of liability under the policy. We reserve the right to deny further coverage or service if, after investigation, we determine that a covered "identity theft" has not occurred.

As respects Expense Reimbursement Coverage, the "identity recovery insured" must send to us, within 60 days after our request, receipts, bills or other records that support his or her claim for "identity recovery expenses."

2. Services

The following conditions apply as respects any services provided by us or our designees to any "identity recovery insured" under this endorsement:

- a. Our ability to provide helpful services in the event of an "identity theft" depends on the cooperation, permission and assistance of the "identity recovery insured."
- b. All services may not be available or applicable to all individuals. For example, "identity recovery insureds" who are minors or foreign nationals may not have credit records that can be provided or monitored. Service in Canada will be different from service in the United States and Puerto Rico in accordance with local conditions.
- c. We do not warrant or guarantee that our services will end or eliminate all problems associated with an "identity theft" or prevent future "identity thefts."

F. The following are added to **H. Property Definitions** in **SECTION I – PROPERTY:**

1. "Coverage territory" means anywhere in the world.
2. "Identity recovery case manager" means one or more individuals assigned by us to assist an "identity recovery insured" with communications we deem necessary for re-establishing the integrity of the personal identity of the "identity recovery insured." This includes, with the permission and cooperation of the "identity recovery insured," written and telephone communications with law enforcement authorities, governmental agencies, credit agencies and individual creditors and businesses.
3. "Identity recovery expenses" means the following when they are reasonable and necessary expenses that are incurred as a direct result of an "identity theft":
 - a. Costs for re-filing applications for loans, grants or other credit instruments that are rejected solely as a result of an "identity theft."
 - b. Costs for notarizing affidavits or other similar documents, long distance telephone calls and postage solely as a result of your efforts to report an "identity theft" or amend or rectify records as to

your true name or identity as a result of an "identity theft."

- c. Costs for credit reports from established credit bureaus.
- d. Fees and expenses for an attorney approved by us for the following:
 - (1) The defense of any civil suit brought against an "identity recovery insured."
 - (2) The removal of any civil judgment wrongfully entered against an "identity recovery insured."
 - (3) Legal assistance for an "identity recovery insured" at an audit or hearing by a governmental agency.
 - (4) Legal assistance in challenging the accuracy of the "identity recovery insured's" consumer credit report.
 - (5) The defense of any criminal charges brought against an "identity recovery insured" arising from the actions of a third party using the personal identity of the "identity recovery insured."
- e. Actual lost wages of the "identity recovery insured" for time reasonably and necessarily taken away from work and away from the work premises. Time away from work includes partial or whole work days. Actual lost wages may include payment for vacation days, discretionary days, floating holidays and paid personal days. Actual lost wages does not include sick days or any loss arising from time taken away from self-employment. Necessary time off does not include time off to do tasks that could reasonably have been done during non-working hours.
- f. Actual costs for supervision of children or elderly or infirm relatives or dependents of the "identity recovery insured" during time reasonably and necessarily taken away from such supervision. Such care must be provided by a professional care provider who is not a relative of the "identity recovery insured."
- g. Actual costs for counseling from a licensed mental health professional. Such care must be provided by a professional care provider who is not a relative of the "identity recovery insured."
- h. Any other reasonable costs necessarily incurred by an "identity recovery insured" as a direct result of the "identity theft."
 - (1) Such costs include:
 - (a) Costs by the "identity recovery insured" to recover control over his or her personal identity.
 - (b) Deductibles or service fees from

financial institutions.

- (2) Such costs do not include:
 - (a) Costs to avoid, prevent or detect "identity theft" or other loss.
 - (b) Money lost or stolen.
 - (c) Costs that are restricted or excluded elsewhere in this endorsement or policy.
- 4. "Identity recovery insured" means the following:
 - a. When the entity insured under this policy is a sole proprietorship, the "identity recovery insured" is the individual person who is the sole proprietor of the insured entity.
 - b. When the entity insured under this policy is a partnership, the "identity recovery insureds" are the current partners.
 - c. When the entity insured under this policy is a corporation or other organization, the "identity recovery insureds" are all individuals having an ownership position of 20% or more of the insured entity. However, if and only if there is no one who has such an ownership position, then the "identity recovery insured" shall be:
 - (1) The chief executive of the insured entity; or
 - (2) As respects a religious institution, the senior ministerial employee.

An "identity recovery insured" must always be an individual person. The entity insured under this policy is not an "identity recovery insured."
- 5. "Identity theft" means the fraudulent use of the social security number or other method of identifying an "insured." This includes the fraudulent use of the personal identity of an "insured" to establish credit accounts, secure loans, enter into contracts or commit crimes. "Identity theft" does not include the fraudulent use of a business name, d/b/a or any other method of identifying a business activity.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EQUIPMENT BREAKDOWN (INCLUDING ELECTRONIC CIRCUITRY IMPAIRMENT)

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

A. The following is added to paragraph A.3. Covered Causes Of Loss in SECTION I – PROPERTY:

Additional Coverage - Equipment Breakdown

The term Covered Cause of Loss includes the Additional Coverage Equipment Breakdown as described and limited below. Without an “accident” or “electronic circuitry impairment”, there is no Equipment Breakdown coverage.

We will pay for direct physical damage to Covered Property that is the direct result of an “accident” or “electronic circuitry impairment”. We will consider “electronic circuitry impairment” to be physical damage to “covered equipment”.

B. The following is added to paragraph A.5. Additional Coverages in SECTION I – PROPERTY:

Equipment Breakdown

Unless otherwise shown in the Declarations, the following coverages also apply to the direct result of an “accident” or “electronic circuitry impairment”. However, with respect to coverage **7. Service Interruption** below and any Dependent Properties coverage provided by this policy, coverage will apply only to the direct result of an “accident” and will not apply to the direct result of an “electronic circuitry impairment”. These coverages do not provide additional amounts of insurance.

1. Business Income and Extra Expense

- a. Any insurance provided under the policy for Business Income or Extra Expense is extended to the coverage provided by this endorsement. However, if a deductible is shown in the Declarations, then with respect to this endorsement only, the “period of restoration” will begin immediately after the “accident” or “electronic circuitry impairment”, and the deductible shown in the Declarations will apply.
- b. The most we will pay for loss or expense under this coverage is the

applicable limit for Business Income and Extra Expense.

2. Data Restoration

- a. We will pay for your reasonable and necessary cost to research, replace and restore lost “electronic data”.
- b. The most we will pay for loss or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur is \$25,000 unless otherwise shown in the Declarations.

3. Expediting Expenses

- a. With respect to your damaged Covered Property, we will pay the reasonable extra cost to:
 - (1) Make temporary repairs; and
 - (2) Expedite permanent repairs or permanent replacement.
- b. The most we will pay for loss or expense under this coverage is \$25,000 unless otherwise shown in the Declarations.

4. Hazardous Substances

- a. We will pay your additional cost to repair or replace Covered Property because of contamination by a “hazardous substance”. This includes the additional expenses to clean up or dispose of such property.
- b. This does not include contamination of “perishable goods” by refrigerant, including but not limited to ammonia, which is addressed in **8.a.(2)** below. As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown coverage had no “hazardous substance” been involved.
- c. The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income

you sustain and necessary Extra Expense you incur is \$25,000 unless otherwise shown in the Declarations.

5. Off Premises Equipment Breakdown

- a. We will pay for physical damage to transportable “covered equipment” that, at the time of the “accident” or “electronic circuitry impairment”, is not at a covered location. As respects this Off Premises Equipment Breakdown coverage only, the “accident” or “electronic circuitry impairment” may occur in any country except one in which the United States has imposed sanctions, embargoes or similar restrictions on the provision of insurance.
- b. We will also pay for your reasonable and necessary cost to research, replace and restore lost “electronic data” contained within “covered equipment” as described under a. above. This amount may not exceed the limit applicable to Data Restoration coverage.
- c. The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur and Data Restoration as described in b. above is \$10,000 unless otherwise shown in the Declarations.

6. Public Relations

- a. This coverage only applies if you have sustained an actual loss of Business Income covered under this endorsement.
- b. We will pay for your reasonable costs for professional services to create and disseminate communications, when the need for such communications arises directly from the interruption of your business. This communication must be directed to one or more of the following:
 - (1) The media;
 - (2) The public; or
 - (3) Your customers, clients or members.
- c. Such costs must be incurred during the “period of restoration” or up to 30 days after the “period of restoration” has ended.
- d. The most we will pay for loss or expense under this coverage is \$5,000.

7. Service Interruption

- a. Any insurance provided for Business Income, Extra Expense, Data Restoration or Spoilage is extended to apply to your loss, damage or expense caused by a failure or disruption of service. The failure or disruption of service must be caused by an “accident” to equipment, including overhead transmission lines, that is owned by a utility, landlord, a landlord’s utility or other supplier who provides you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, Internet access, telecommunications services, “cloud computing services”, wide area networks or data transmission. The equipment must meet the definition of “covered equipment” except that it is not Covered Property.
 - b. “Cloud computing services” must be provided by a professional provider with whom you have a contract.
 - c. With respect to the Data Restoration portion of this Service Interruption coverage, coverage will also apply to “electronic data” stored in the equipment of a provider of “cloud computing services”.
 - d. Unless otherwise shown in the Declarations, Service Interruption coverage will not apply unless the failure or disruption of service exceeds 24 hours immediately following the “accident”. If the interruption exceeds 24 hours, coverage will begin at the time of the disruption, and the applicable deductible will apply.
 - e. The most we will pay in any “one equipment breakdown” for loss, damage or expense under this coverage is the applicable limit for Business Income, Extra Expense, Data Restoration or Spoilage, except that if a limit is shown in the Declarations for Service Interruption, that limit will apply to Business Income and Extra Expense loss under this coverage.

8. Spoilage

- a. We will pay for:
 - (1) Physical damage to “perishable goods” due to spoilage;
 - (2) Physical damage to “perishable goods” due to contamination from the release of refrigerant, including but not limited to ammonia;

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

- b. If you are unable to replace the “perishable goods” before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the “perishable goods” at the time of the “accident” or “electronic circuitry impairment”, less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Loss Payment condition.
- c. The most we will pay for loss, damage or expense under this coverage is \$25,000 unless otherwise shown in the Declarations.

C. B. Exclusions in SECTION I – PROPERTY is amended as follows:

- 1. The second to last paragraph in **B.1.h. Certain Computer-related Losses** is removed and replaced by the following:

However, if excluded loss or damage, as described in Paragraph (1) above, results in an “accident” or “electronic circuitry impairment” under **SECTION I - PROPERTY**, we will pay only for the loss, damage or expense caused by such “accident” or “electronic circuitry impairment”.

- 2. The last paragraph in **B.2.I. Other Types Of Loss** is removed and replaced by the following:

But if an excluded cause of loss that is listed in Paragraphs (1) through (7) above results in an “accident” or “electronic circuitry impairment”, we will pay for the loss, damage or expense caused by that “accident” or “electronic circuitry impairment”.

- 3. The following is added to **B.2.m. Errors Or Omissions** and **B.2.n. Installation, Testing, Repair**:

We will also pay for direct physical loss or damage caused by an “accident” or “electronic circuitry impairment”.

D. The following is added to B. Exclusions in SECTION I – PROPERTY:

Equipment Breakdown

- 1. We will not pay for loss, damage or expense caused directly or indirectly by any of the

following, whether or not caused by or resulting from an “accident” or “electronic circuitry impairment”:

- a. Fire, including smoke from a fire;
 - b. Explosion of gas or unconsumed fuel within the furnace of any boiler or fired vessel or within the passages from that furnace to the atmosphere;
 - c. Any other explosion, except as specifically covered under this endorsement;
 - d. Any earth movement, including but not limited to earthquake, subsidence, sinkhole collapse, landslide, earth sinking, tsunami or volcanic action;
 - e. Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not; mudslide or mudflow; or water that backs up or overflows from a sewer, drain or sump. However, if electrical “covered equipment” requires drying out because of the above, we will pay for the direct expenses of such drying out subject to the applicable Limit of Insurance and deductible for Building or Business Personal Property, whichever applies; or
 - f. Vandalism.
- 2. Coverage under this endorsement does not apply to an “accident” or “electronic circuitry impairment” caused by or resulting from:
 - a. Lightning;
 - b. Windstorm or hail. However, this exclusion does not apply when:
 - (1) “Covered equipment” located within a building or structure suffers an “accident” or “electronic circuitry impairment” that results from wind-blown rain, snow, sand or dust; and
 - (2) The building or structure did not first sustain wind or hail damage to its roof or walls through which the rain, snow, sand or dust entered.
 - c. Smoke; aircraft or vehicles; riot or civil commotion; sprinkler leakage; elevator collision;
 - d. Breakage of glass; falling objects; weight of snow, ice or sleet; freezing (caused by cold weather); collapse or molten material;
 - e. A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation

breakdown test of any type of electrical equipment; or

f. Water or other means used to extinguish a fire.

3. With respect to Business Income, Extra Expense and Service Interruption coverages, we will also not pay for any increase in loss resulting from an agreement between you and your customer or supplier.

4. We will not pay for loss, damage or expense caused directly or indirectly by the following, whether or not caused by or resulting from an "accident" or "electronic circuitry impairment": Any "fungi", wet rot or dry rot, including any presence, growth, proliferation, spread or any activity of "fungi", wet rot or dry rot. This includes, but is not limited to, costs arising from clean up, removal, or abatement of such "fungi", wet rot or dry rot. However, this exclusion does not apply to spoilage of personal property that is "perishable goods", to the extent that such spoilage is covered under Spoilage coverage.

5. We will not pay for any loss or damage to animals.

6. Exclusions 2.a., 2.b., 2.c. and 2.d. above shall not apply if:

a. The excluded cause of loss occurs away from any covered location and causes an electrical surge or other electrical disturbance;

b. Such surge or disturbance is transmitted through utility service transmission lines to the covered location and results in an "accident" or "electronic circuitry impairment"; and

c. The loss, damage or expense caused by such surge or disturbance is not covered elsewhere under the policy.

E. The following is added to **C. Limits Of Insurance** in **SECTION I – PROPERTY**:

The most we will pay for loss, damage or expense under this endorsement arising from any "one equipment breakdown" is the applicable Limit of Insurance in the Declarations. Coverage provided under this endorsement does not provide an additional amount of insurance.

F. **D. Deductibles** in **SECTION I – PROPERTY** is amended as follows:

1. If a separate Equipment Breakdown deductible is not shown in the Declarations, the following applies:

The deductible applicable to the premises in the Declarations applies to Equipment

Breakdown.

2. If a separate Equipment Breakdown deductible is shown, **D. Deductibles** is removed and replaced by the following:

Deductibles

1. Deductibles for Each Coverage

a. Unless the Declarations indicates that your deductible is combined for all coverages, multiple deductibles may apply to any "one equipment breakdown".

b. We will not pay for loss, damage or expense under any coverage until the amount of the covered loss, damage or expense exceeds the deductible amount indicated for that coverage in the Declarations. We will then pay the amount of loss, damage or expense in excess of the applicable deductible amount, subject to the applicable limit.

c. If deductibles vary by type of "covered equipment" and more than one type of "covered equipment" is involved in any "one equipment breakdown", only the highest deductible for each coverage will apply.

2. Direct and Indirect Coverages

a. Direct Coverages Deductibles and Indirect Coverages Deductibles may be indicated in the Declarations.

b. Unless more specifically indicated in the Declarations:

(1) Indirect Coverages Deductibles apply to Business Income and Extra Expense loss; and

(2) Direct Coverages Deductibles apply to all remaining loss, damage or expense covered by this endorsement.

3. Application of Deductibles

a. Dollar Deductibles

We will not pay for loss, damage or expense resulting from any "one equipment breakdown" until the amount of loss, damage or expense exceeds the applicable deductible shown in the Declarations. We will then pay the amount of loss, damage or expense in excess of the applicable deductible or deductibles, up to the applicable Limit of Insurance.

b. Time Deductible

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

c. Multiple of Average Daily Value (ADV)

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

The ADV (Average Daily Value) will be the Business Income (as defined in any Business Income coverage that is part of this policy) that would have been earned during the period of interruption of business had no “accident” or “electronic circuitry impairment” occurred, divided by the number of working days in that period. No reduction shall be made for the Business Income not being earned, or in the number of working days, because of the “accident” or “electronic circuitry impairment” or any other scheduled or unscheduled shutdowns during the period of interruption. The ADV applies to the Business Income value of the entire location, whether or not the loss affects the entire location. If more than one location is included in the valuation of the loss, the ADV will be the combined value of all affected locations. For purposes of this calculation, the period of interruption may not extend beyond the “period of restoration”. The number indicated in the Declarations will be multiplied by the ADV as determined above. The result shall be used as the applicable deductible.

d. Percentage of Loss Deductibles

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

applicable deductible.

G. E. Property Loss Conditions in SECTION I – PROPERTY is amended as follows:

1. The following are added to E. Property Loss Conditions:

a. Suspension

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

- (1)** Your last known address; or
- (2)** The address where the “covered equipment” is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that “covered equipment”. If we suspend your insurance, you will get a pro rata refund of premium for that “covered equipment” for the period of suspension. But the suspension will be effective even if we have not yet made or offered a refund.

b. Jurisdictional Inspections

If any property that is “covered equipment” under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.

2. Paragraph d. in 5. Loss Payment is removed and replaced by the following:

We will determine the value of Covered Property as follows:

a. Except as specified otherwise, our payment for damaged Covered Property will be the smallest of:

- (1)** The cost to repair the damaged property;
- (2)** The cost to replace the damaged property on the same site; or
- (3)** The amount you actually spend that is necessary to repair or replace the damaged property.

b. The amount of our payment will be based on the most cost-effective means to replace the function, capacity and

remaining useful life of the damaged property. This may include the use of generic, used or reconditioned parts, equipment or property.

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

If “covered equipment” requires replacement due to an “accident” or “electronic circuitry impairment”, we will pay your additional cost to replace with equipment that is better for the environment, safer for people or more energy or water efficient than the equipment being replaced. However, we will not pay to increase the size or capacity of the equipment and we will not pay more than 150% of what the cost would have been to replace with like kind and quality. This provision does not apply to the replacement of component parts or to any property to which Actual Cash Value applies and does not increase any of the applicable limits.

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

Actual Cash Value includes deductions for depreciation.

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

property before its anticipated sale.

- g. Except as specifically provided for under Data Restoration coverage, “electronic data” and “media” will be valued on the following basis:
 - (1) For mass-produced and commercially available software, at the replacement cost.
 - (2) For all other “electronic data” and “media”, at the cost of blank “media” for reproducing the records. We will not pay for “electronic data” representing financial records based on the face value of such records.

H. 4. Equipment Breakdown Protection Coverage in G. Optional Coverages in SECTION I – PROPERTY is deleted.

I. The following are added to H. Property Definitions in SECTION I – PROPERTY:

- 1. “Accident” means a fortuitous event that causes direct physical damage to “covered equipment”. The event must be one of the following:
 - a. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
 - b. Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;
 - c. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
 - d. 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
 - e. 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.

None of the following is an “accident”:

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

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

2. “Boilers and vessels” means:
 - a. Any boiler, including attached steam, condensate and feedwater piping; and
 - b. Any fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents.

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

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

4. “Covered equipment”
 - a. “Covered equipment” means Covered Property, unless otherwise specified in the Declarations:
 - (1) That generates, transmits or utilizes energy; or
 - (2) Which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.

“Covered equipment” may utilize conventional design and technology or new or newly commercialized design and technology.

- b. None of the following is “covered equipment”:
 - (1) Structure, foundation, cabinet or compartment;
 - (2) Insulating or refractory material;
 - (3) Sewer piping, buried vessels or piping, or piping forming a part of a sprinkler or fire suppression 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” or any equipment mounted on a “vehicle”;
- (6) Satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
- (7) Dragline, excavation or construction equipment; or
- (8) Equipment manufactured by you for sale.

5. “Electronic circuitry” means microelectronic components, including but not limited to circuit boards, integrated circuits, computer chips and disk drives.

6. “Electronic circuitry impairment” means a fortuitous event involving “electronic circuitry” within “covered equipment” that causes the “covered equipment” to suddenly lose its ability to function as it had been functioning immediately before such event. This definition is subject to the conditions specified in **a.**, **b.** and **c.** below.

- a. We shall determine that the reasonable and appropriate remedy to restore such “covered equipment’s” ability to function is the replacement of one or more “electronic circuitry” components of the “covered equipment”.
- b. The “covered equipment” must be owned or leased by you, or operated under your control.

- c. None of the following is an “electronic circuitry impairment”:

- (1) Any condition that can be reasonably remedied by:

- (a) Normal maintenance, including but not limited to replacing expendable parts, recharging batteries or cleaning;

- (b) Rebooting, reloading or updating software or firmware; or

- (c) Providing necessary power or supply.

- (2) Any condition caused by or related to:

- (a) Incompatibility of the “covered equipment” with any software or equipment installed, introduced or networked within the prior 30 days; or

- (b) Insufficient size, capability or capacity of the “covered equipment”.

(3) Exposure to adverse environmental conditions, including but not limited to change in temperature or humidity, unless such conditions result in an observable loss of functionality. Loss of warranty shall not be considered an observable loss of functionality.

7. "Hazardous substance" means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.
8. "Media" means material on which "electronic data" is recorded, such as solid state drives, hard disks, optical disks, flash drives, magnetic tapes or floppy disks.
9. "One equipment breakdown" means: If an initial "accident" or "electronic circuitry impairment" causes other "accidents" or "electronic circuitry impairments", all will be considered "one equipment breakdown". All "accidents" or "electronic circuitry impairments" that are the result of the same "accident" or "electronic circuitry impairment" will be considered "one equipment breakdown".
10. "Perishable goods" means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.
11. "Production machinery" means any machine or apparatus that processes or produces a product intended for eventual sale. This includes all component parts of such machine or apparatus and any other equipment used exclusively with such machine or apparatus. However, "production machinery" does not mean any boiler, or fired or unfired pressure vessel.

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

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED – MORTGAGEE,
ASSIGNEE OR RECEIVER**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Name Of Person(s) Or Organization(s):
Designation Of Premises:
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

Section II – Liability is amended as follows:

A. The following is added to Paragraph **C. Who Is An Insured:**

3. The person(s) or organization(s) shown in the Schedule is also an additional insured, but only with respect to liability as mortgagee, assignee or receiver and arising out of the ownership, maintenance or use of the premises by you and as shown in the Schedule.

However:

- a.** The insurance afforded to such additional insured only applies to the extent permitted by law; and
- b.** If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

C. With respect to the insurance afforded to these additional insureds, the following is added to Paragraph **D. Liability And Medical Expenses Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

- 1.** Required by the contract or agreement; or
 - 2.** Available under the applicable Limits Of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits Of Insurance shown in the Declarations.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – DESIGNATED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

Section II – Liability is amended as follows:

A. The following is added to Paragraph **C. Who Is An Insured:**

3. Any person(s) or organization(s) shown in the Schedule is also an additional insured, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf in the performance of your ongoing operations or in connection with your premises owned by or rented to you.

However:

- a.** The insurance afforded to such additional insured only applies to the extent permitted by law; and
- b.** If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following is added to Paragraph **D. Liability And Medical Expenses Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

- 1.** Required by the contract or agreement; or
- 2.** Available under the applicable Limits Of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits Of Insurance shown in the Declarations.

CYBER LIABILITY AND DATA BREACH RESPONSE ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This Endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

COVERAGES 1., 3., 4. AND 5. OF THIS ENDORSEMENT PROVIDE COVERAGE ON A CLAIMS MADE AND REPORTED BASIS AND APPLY ONLY TO "CLAIMS" FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD OR OPTIONAL EXTENSION PERIOD, IF APPLICABLE, AND REPORTED TO US DURING THE POLICY PERIOD OR AS OTHERWISE PROVIDED IN *H. NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM.* AMOUNTS INCURRED AS "CLAIMS EXPENSES" UNDER THIS ENDORSEMENT SHALL REDUCE AND MAY EXHAUST THE LIMIT OF LIABILITY AND ARE SUBJECT TO RETENTIONS.

COVERAGES 2., 6., 7. AND 8. OF THIS ENDORSEMENT PROVIDE FIRST PARTY COVERAGE.

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

The words "we", "us" and "our" refer to the company providing this coverage. The word "insured" means any person or organization qualifying as such under **C. WHO IS AN INSURED**. The term "Policy" refers to the primary policy to which this Endorsement is attached.

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

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

SECTION IV – CYBER LIABILITY AND DATA BREACH RESPONSE

A. COVERAGES

Coverage is provided under the following paragraphs for which limits of liability are shown in the Declarations:

1. Information Security and Privacy Liability

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

- A. theft, loss, or “unauthorized disclosure” of “personally identifiable information” or “third party information” that is in the care, custody or control of the “insured organization”, or a third party for whose theft, loss or “unauthorized disclosure” of “personally identifiable information” or “third party information” the “insured organization” is legally liable (a third party shall include a business associate as defined by the Health Insurance Portability and Accountability Act (HIPAA)), provided such theft, loss or “unauthorized disclosure” first takes place on or after the “retroactive date” and before the end of the “policy period”;
- B. one or more of the following acts or incidents that directly result from a failure of “computer security” to prevent a “security breach”, provided that such act or incident first takes place on or after the “retroactive date” and before the end of the “policy period”:
 - i. the alteration, corruption, destruction, deletion, or damage to data stored on “computer systems”;
 - ii. the failure to prevent transmission of “malicious code” from “computer systems” to computer or network systems that are not owned, operated or controlled by an insured; or
 - iii. the participation by the “insured organization’s” “computer systems” in a “denial of service attack” directed against a computer or network systems that are not owned, operated or controlled by an insured;
- C. the “insured organization’s” failure to timely disclose an incident described in paragraphs A. or B. of this section in violation of any “breach notice law”; provided such incident giving rise to the “insured organization’s” obligation under a “breach notice law” must first take place on or after the “retroactive date” and before the end of the “policy period”;
- D. failure by the insured to comply with that part of a “privacy policy” that specifically:
 - i. prohibits or restricts the “insured organization’s” disclosure, sharing or selling of a person’s “personally identifiable information”;
 - ii. requires the “insured organization” to provide access to “personally identifiable information” or to correct incomplete or inaccurate “personally identifiable information” after a request is made by a person; or
 - iii. mandates procedures and requirements to prevent the loss of “personally identifiable information”; provided the acts, errors or omissions that constitute such failure to comply with a “privacy policy” must first take place on or after the “retroactive date” and before the end of the “policy period”, and the “insured organization” must, at the time of such acts, errors or omissions, have in force a “privacy policy” that addresses those subsections above that are relevant to such “claim”; or
- E. failure by the insured to administer:
 - i. an identity theft prevention program as required by regulations and guidelines promulgated pursuant to 15 U.S.C. §1681m(e), as amended, or
 - ii. an information disposal program required by regulations and guidelines promulgated pursuant to 15 U.S.C §1681W, as amended;provided the acts, errors or omissions that constitute such failure must first take place on or after the “retroactive date” and before the end of the “policy period”.

2. Privacy Breach Response Services

We will provide privacy breach response services to the “insured organization, in excess of the retention, because of an incident, or a reasonably suspected incident, described in paragraphs A. or B. of **SECTION IV – CYBER LIABILITY AND DATA BREACH RESPONSE, A. COVERAGES, 1. Information Security and Privacy Liability**, that first takes place on or after the “retroactive date” and before the end of the “policy period” and is discovered by the insured and is reported to us during the “policy period” or as otherwise

provided in **H. NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM.**

Privacy breach response services means the following:

- A. "computer expert services";
- B. "legal services";
- C. "public relations and crisis management expenses";

paragraphs **A.-C.** are subject to a monetary limit in excess of the retention as noted in the Declarations;

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

E. "call center services"; and

F. "breach resolution and mitigation services";

paragraphs **D.-F.** are subject to a maximum notified individual limit and the threshold noted in the Declarations.

Privacy breach response services will be provided subject to the terms and conditions of this endorsement, subject to the applicable retentions and limitations set forth in the Declarations and shall not include any internal salary or overhead expenses of the "insured organization". Privacy breach response services will be provided by service providers from our panel selected by us in consultation with the "insured organization".

3. Regulatory Defense and Penalties

We will pay on behalf of the insured, "claims expenses" and "penalties", in excess of the retention, which the insured shall become legally obligated to pay because of any "claim" in the form of a "regulatory proceeding", first made against any insured during the "policy period" or the optional extension period, if applicable, and reported in writing to us during the "policy period" or as otherwise provided in **H. NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**, for a violation of a "privacy law" and caused by an incident described in paragraphs **A., B. or C. of SECTION IV – CYBER LIABILITY AND DATA BREACH RESPONSE, A. COVERAGES, 1. Information Security and Privacy Liability** that first takes place on or after the "retroactive date" and before the end of the "policy period".

4. Website Media Content Liability

We will pay on behalf of the insured, "damages" and "claims expenses", in excess of the retention, which the insured becomes legally obligated to pay resulting from any "claim" first made against any insured during the "policy period" or the optional extension period, if applicable, and reported in writing to us during the "policy period", or as otherwise provided in **H. NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**, for one or more of the following acts first committed on or after the "retroactive date" and before the end of the "policy period" in the course of the "insured organization's" display of "media material" on its website or on social media web pages created and maintained by or on behalf of the "insured organization":

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

5. PCI Fines, Expenses and Costs

We will indemnify the insured for "PCI fines, expenses, and costs", in excess of the retention, which the insured shall become legally obligated to pay because of a "claim" first made against any insured during the "policy period" or optional extension period, if applicable, and reported in writing to us during the "policy period" or as otherwise provided in **H. NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**. Coverage under this insuring agreement is sublimited

to the amount set forth in the Declarations and we have no duty to defend any “claim” or pay any “claims expenses” with respect to any “claim” under this insuring agreement.

6. Cyber Extortion

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

7. First Party Data Protection

We will indemnify the “named insured” for “data protection loss”, in excess of the retention, incurred by the “insured organization” as a direct result of:

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

that is directly caused by a failure of “computer security” to prevent a “security breach”; provided that such “security breach” takes place on or after the “retroactive date” and before the end of the “policy period” and is reported in writing to us during the “policy period” or as otherwise provided in **H. NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**.

8. First Party Network Business Interruption

We will indemnify the “named insured” for “business interruption loss”, in excess of the retention, the “insured organization” sustains during the “period of restoration” as a direct result of the actual and necessary interruption of “computer systems” caused directly by a failure of “computer security” to prevent a “security breach”; provided such “security breach” must first take place on or after the “retroactive date” and before the end of the “policy period” and is reported in writing to us during the “policy period” or as otherwise provided in **H. NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**.

B. DEFENSE AND SETTLEMENT OF CLAIMS

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

- A. any “claim” against the insured seeking “damages” which are payable under the terms of this Endorsement, even if any of the allegations of the “claim” are groundless, false or fraudulent; or
- B. under **A. COVERAGES, 3. Regulatory Defense and Penalties**, any “claim” in the form of a “regulatory proceeding”.

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

2. With respect to any “claim” against the insured seeking “damages” or “penalties” which are payable under this Endorsement, we will pay “claims expenses” incurred with our prior written consent. The limit of liability available to pay “damages” and “penalties” shall be reduced and may be completely exhausted by payment of “claims expenses”. “Damages”, “penalties” and “claims expenses” shall be applied against each claim retention payable by the insured.

3. If the insured refuses to consent to any settlement or compromise recommended by us and acceptable to the claimant and elects to contest the “claim”, our liability for any “damages”, “penalties”, and “claims expenses” shall not exceed:

- A. the amount for which the “claim” could have been settled, less the remaining retention, plus the “claims expenses” incurred up to the time of such refusal; plus
- B. fifty percent (50%) of any “claims expenses” incurred after the date such settlement or compromise was recommended to the insured plus fifty percent (50%) of any damages above the amount for which the “claim” could have been settled. The remaining fifty percent (50%) of such “claims expenses” and “damages” must be borne by the “insured” at their own risk and uninsured;

or the applicable limit of liability, whichever is less, and we shall have the right to withdraw from further defense thereof by tendering control of said defense to the insured. The portion of any proposed settlement or compromise that requires the insured to cease, limit or refrain from actual or alleged infringing or otherwise injurious activity or is attributable to future royalties or other amounts that are not “damages” (or “penalties” for “claims” covered under **A. COVERAGES, 3. Regulatory Defense and Penalties**) shall not be considered in determining the amount for which a “claim” could have been settled.

4. We agree that the insured may settle any “claim” where the “damages”, “penalties” and “claims expenses” do not exceed the retention, provided that the entire “claim” is resolved and the insured obtains a full release on behalf of all insureds from all claimants.

C. WHO IS AN INSURED

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

1. The “named insured” and any “subsidiaries” of the “named insured” (together the “insured organization”);
2. A director, manager of a limited liability company (“manager”) or officer of the “insured organization”, but only with respect to the performance of his or her duties as such on behalf of the “insured organization”;
3. An “employee” of the “insured organization”, but only for work done while acting within the scope of his or her employment and related to the conduct of the “insured organization’s” business;
4. A principal if the “named insured” is a sole proprietorship, or a partner if the “named insured” is a partnership, but only with respect to the performance of their duties as such on behalf of the “insured organization”;
5. Any person previously qualified as an insured under paragraphs 2., 3. or 4. of this section prior to the termination of the required relationship with the “insured organization”, but only with respect to the performance of his or her duties as such on behalf of the “insured organization”;
6. The estate, heirs, executors, administrators, assigns and legal representatives of any insured in the event of such insured’s death, incapacity, insolvency or bankruptcy, but only to the extent that such insured would otherwise be provided coverage under this Endorsement; and
7. The lawful spouse, including any natural person qualifying as a domestic partner under the provisions of any applicable federal, state, or local law in the United States, of any insured, but solely by reason of any act, error or omission of an insured other than such spouse or domestic partner.

D. EXCLUSIONS

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

1. For, arising out of or resulting from:
 - A. physical injury, sickness, disease or death of any person, including any mental anguish or emotional distress resulting from such physical injury, sickness, disease or death; or
 - B. physical injury to or destruction of any tangible property, including the loss of use thereof; provided that electronic data shall not be considered tangible property for purposes of this exclusion.
2. For, arising out of or resulting from any employer-employee relations, policies, practices, acts or omissions, or any actual or alleged refusal to employ any person, or misconduct with respect to employees, whether such “claim” is brought by an employee, former employee, applicant for employment, or relative or domestic partner of such person; provided, that this exclusion shall not apply to an otherwise covered “claim” under paragraph A. or B. under **A. COVERAGES, 1. Information Security and Privacy Liability** by a current or former “employee” of the “insured organization”, or to the providing of privacy breach response services involving current or former “employees” of the “insured organization”.
3. For, arising out of or resulting from any actual or alleged act, error or omission or breach of duty by any director, officer or “manager” in the discharge of their duty if the “claim” is brought by or on behalf of the “named insured”, a “subsidiary”, or any principals, directors, officers, “managers”, stockholders, members or “employees” of the “named insured” or a “subsidiary” in his or her capacity as such.
4. For, arising out of or resulting from any contractual liability or obligation or arising out of or resulting from breach of contract or agreement, either oral or written; however, this exclusion will not apply:
 - A. with respect only to the coverage provided pursuant to paragraph A. of **A. COVERAGES, 1. Information Security and Privacy Liability**, to any obligation of the “insured organization” to maintain the confidentiality or security of “personally identifiable information” or of “third party information”;
 - B. with respect only to paragraph D. of **A. COVERAGES, 4. Website Media Content Liability**, for misappropriation of ideas under implied contract;
 - C. to “computer expert services” or “legal services” covered under **A. COVERAGES, 2. Privacy Breach Response Services**;
 - D. to “PCI fines, expenses & costs” covered under **A. COVERAGES, 5. PCI Fines, Expenses and Costs**, or
 - E. to the extent the insured would have been liable in the absence of such contract or agreement.
5. For, arising out of or resulting from any actual or alleged antitrust violation, restraint of trade, unfair competition, or false, deceptive or misleading advertising or violation of the Sherman Antitrust Act, the Clayton Act, or the Robinson-Patman Act, as amended.

6. For, arising out of or resulting from any actual or alleged false, deceptive or unfair trade practices; however, this exclusion does not apply to:
- A. any "claim" covered under paragraphs **A.**, **B.** or **C.** of **A. COVERAGES, 1. Information Security and Privacy Liability** or **A. COVERAGES, 3. Regulatory Defense and Penalties**; or
 - B. the provision of privacy breach response services covered under **A. COVERAGES, 2. Privacy Breach Response Services**;
- that results from a theft, loss or "unauthorized disclosure" of "personally identifiable information" provided that no member of the "control group" participated or colluded in such theft, loss or "unauthorized disclosure".
7. For, arising out of or resulting from:
- A. the actual or alleged unlawful collection, acquisition or retention of "personally identifiable information" (except as otherwise covered under paragraph **e.** of **A. COVERAGES, 1. Information Security and Privacy Liability**) or other personal information by, on behalf of, or with the consent or cooperation of the "insured organization"; or the failure to comply with a legal requirement to provide individuals with the ability to assent to or withhold assent (e.g. opt-in or opt-out) from the collection, disclosure or use of "personally identifiable information"; provided that this exclusion shall not apply to the actual or alleged unlawful collection, acquisition or retention of "personally identifiable information" by a person or entity that is not a "related party" and without the knowledge of the "insured organization"; or
 - B. the distribution of unsolicited email, text messages, direct mail, or facsimiles, wiretapping, audio or video recording, or telemarketing, if such distribution, wiretapping or recording is done by or on behalf of the "insured organization".
8. For, arising out of or resulting from:
- A. that which was the subject of written notice given to us or to any other insurer prior to the inception date of this coverage; or
 - B. which was the subject of any prior and/or pending written demand made against any insured or a civil administrative or arbitration proceeding commenced against any insured, prior to the inception date of this coverage, or that involved the same or substantially the same fact, circumstance or situation underlying or alleged in such prior demand or proceeding.
9. For, arising out of or resulting from any related or continuing acts, errors, omissions, incidents or events where the first such act, error, omission, incident or event was committed or occurred prior to the "retroactive date".
10. For, arising out of resulting from any of the following:
- A. any actual or alleged violation of the Organized Crime Control Act of 1970 (commonly known as Racketeer Influenced and Corrupt Organizations Act or RICO), as amended;
 - B. any actual or alleged violation of any securities law, regulation or legislation, including but not limited to the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Act of 1940, the Sarbanes-Oxley Act of 2002 or any "Blue Sky" laws;
 - C. any actual or alleged acts, errors or omissions related to any of the "insured organization's" pension, healthcare, welfare, profit sharing, mutual or investment plans, funds of trusts, including any violation of any provision of the Employee Retirement Income Security Act of 1974 (ERISA);
 - D. any actual or alleged violation of a regulation promulgated under any of the laws described in paragraphs A., B. or C. above; or
 - E. any actual or alleged violation of a federal, state, local or foreign laws or legislation similar to the laws described in paragraphs **A.**, **B.** or **C.** above;
- however, this exclusion does not apply to any otherwise covered "claim" under paragraph **A.**, **B.** or **C.** of **A. COVERAGES, 1. Information Security and Privacy Liability** or to providing privacy breach response services covered under **A. COVERAGES, 2. Privacy Breach Response Services**, that results from a theft, loss or "unauthorized disclosure" of "personally identifiable information", provided that no member of the "control group" participated or colluded in such theft, loss or "unauthorized disclosure".
11. Any actual or alleged discrimination of any kind including but not limited to age, color, race, sex, creed, national origin, marital status, sexual preference, disability or pregnancy.
12. Arising out of or resulting from any criminal, dishonest, fraudulent, or malicious act, error or omission, any intentional "security breach", intentional violation of a "privacy policy", or intentional or knowing violation of the law, if committed by such insured, or by others if the insured colluded or participated in any such conduct or activity; provided this exclusion shall not apply to:
- A. "claims expenses" incurred in defending any "claim" alleging the foregoing until such time as there is a final non-appealable adjudication, judgment, binding arbitration decision or conviction against the insured,

or written admission by the insured, establishing such conduct, or a plea of nolo contendere or no contest regarding such conduct, at which time the "named insured" shall reimburse us for all "claims expenses" incurred defending the "claim" and we shall have no further liability for "claims expenses"; or

- B. a "claim" or "loss" against a natural person insured if such insured did not personally commit, participate in or know about any act, error, omission, incident or event giving rise to such "claim" or "loss".

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

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

- F. any "claim" made by or on behalf of any independent contractor, joint venture or venture partner arising out of or resulting from disputes over ownership of rights in "media material" or services provided by such independent contractor, joint venture or venture partner.
19. For, arising out of or resulting from, directly or indirectly occasioned by, happening through or in consequence of: war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority; provided that this exclusion will not apply to cyber terrorism. For purposes of this exclusion, cyber terrorism means the premeditated use of disruptive activities, or threat to use disruptive activities, against a computer system or network with the intention to cause harm, further social, ideological, religious, political or similar objectives, or to intimidate any person(s) in furtherance of such objectives.
20. Either in whole or in part, directly or indirectly arising out of or resulting from or in consequence of, or in any way involving:
- A. asbestos, or any materials containing asbestos in whatever form or quantity;
 - B. the actual, potential, alleged or threatened formation, growth, presence, release or dispersal of any fungi, molds, spores or mycotoxins of any kind; any action taken by any party in response to the actual, potential, alleged or threatened formation, growth, presence, release or dispersal of fungi, molds, spores or mycotoxins of any kind, such action to include investigating, testing for, detection of, monitoring of, treating, remediating or removing such fungi, molds, spores or mycotoxins; and any governmental or regulatory order, requirement, directive, mandate or decree that any party take action in response to the actual, potential, alleged or threatened formation, growth, presence, release or dispersal of fungi, molds, spores or mycotoxins of any kind, such action to include investigating, testing for, detection of, monitoring of, treating, remediating or removing such fungi, molds, spores or mycotoxins; we will have no duty or obligation to defend any insured with respect to any "claim" or governmental or regulatory order, requirement, directive, mandate or decree which either in whole or in part, directly or indirectly, arises out of or results from or in consequence of, or in any way involves the actual, potential, alleged or threatened formation, growth, presence, release or dispersal of any fungi, molds, spores or mycotoxins of any kind;
 - C. the existence, emission or discharge of any electromagnetic field, electromagnetic radiation or electromagnetism that actually or allegedly affects the health, safety or condition of any person or the environment, or that affects the value, marketability, condition or use of any property; or
 - D. the actual, alleged or threatened discharge, dispersal, release or escape of pollutants; or any governmental, judicial or regulatory directive or request that the insured or anyone acting under the direction or control of the insured test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants. Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant including gas, acids, alkalis, chemicals, heat, smoke, vapor, soot, fumes or waste. Waste includes but is not limited to materials to be recycled, reconditioned or reclaimed.
21. With respect to **A. COVERAGES, 7. First Party Data Protection** and **8. First Party Network Business Interruption**, for, arising out of or resulting from:
- A. any failure or malfunction of electrical or telecommunication infrastructure or services, provided that this exclusion shall not apply to any otherwise covered "claim" or "loss" arising out of failure of "computer security" to prevent a "security breach" that was solely caused by a failure or malfunction of telecommunications infrastructure or services under the insured's direct operational control;
 - B. fire, flood, earthquake, volcanic eruption, explosion, lightning, wind, hail, tidal wave, landslide, act of God or other physical event; or
 - C. any satellite failures.
22. With respect to **A. COVERAGES, 6. Cyber Extortion**, for, arising out of or resulting from:
- A. any threat to physically harm or kidnap any person; or
 - B. any threat to harm, take, or transfer property other than any "data asset", even if such threat is made in conjunction with a threat to a "data asset".
23. With respect to **A. COVERAGES, 6. Cyber Extortion**, for, arising out of or resulting from an "extortion threat" first made against the "insured organization" during the "policy period" by any of the "insured organization's" directors, officers, principals, trustees, governors, "managers", members, management committee members, members of the management board, partners, or any person in collusion with any of the foregoing.
24. Arising out of or resulting from any seizure, nationalization, confiscation or destruction of "computer systems" or "data assets" by order of any governmental or public authority.

E. LIMIT OF LIABILITY AND COVERAGE

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

14. If the total number of notifications made pursuant to paragraph **D.** of **A. COVERAGES, 2. Privacy Breach Response Services** aggregates to more than the “notified individuals” limit of coverage stated in the Declarations, the “insured organization” will be responsible for paying for privacy breach response services with respect to any excess notification, and such costs will not be covered under this Endorsement. If an incident involves notifications made pursuant to paragraph **C.** of **A. COVERAGES, 2. Privacy Breach Response Services** both within the “notified individuals” limit of coverage stated in the Declarations and in excess of such limit, all excess notifications will be provided by the same service provider that provides “notification services” covered under this Endorsement, and the costs will be allocated between us and the “insured organization” pro rata based on the number of covered and non-covered notifications.
15. To the extent privacy breach response services costs are covered pursuant to a “claim” as described in paragraph **5.D.** of **K. DEFINITIONS**, such “costs” shall be covered solely under **A. COVERAGES, 1. Information Security and Privacy Liability**.

F. RETENTION

1. The retention amounts set forth in the Declarations apply separately to each incident, event or related incidents or events giving rise to a “claim”. The retention shall be satisfied by monetary payments by the “named insured” of “damages”, “claims expenses”, “penalties” or “PCI Fines, Expenses & Costs”.
2. “Notification services”, “call center services” and “breach resolution and mitigation services” will only be provided for each incident, event or related incidents or events, requiring notification to at least the number of individuals in the “notified individuals” threshold amount set forth in the Declarations. For incidents involving notification to fewer individuals, there shall be no coverage for any such services.
3. For all “computer expert services”, “legal services” and “public relations and crisis management services”, the retention amount set forth in the Declarations applies separately to each incident, event or related incidents or events, giving rise to an obligation to provide such services; and the applicable retention stated in the Declarations shall be satisfied by monetary payments by the “named insured” for such services.
4. With respect to **A. COVERAGES, 6. Cyber Extortion**, the retention set forth in the Declarations applies separately to each “extortion threat”. The retention shall be satisfied by monetary payments by the “named insured” of covered “cyber extortion loss”.
5. With respect to **A. COVERAGES, 7. First Party Data Protection**, the retention set forth in the Declarations applies separately to each “security breach”. The retention shall be satisfied by monetary payments by the “named insured” of covered “data protection loss”.
6. With respect to **A. COVERAGES, 8. First Party Network Business Interruption**, the retention set forth in the Declarations applies separately to each “security breach”. The retention shall be satisfied by covered “business interruption loss” retained by the “insured organization”. The retention applicable to **A. COVERAGES, 8. First Party Network Business Interruption** shall be reduced on a dollar-for-dollar basis by the amount of “income loss” that was sustained by the “insured organization” during the “waiting period”.
7. In the event that a “damages”, “claims expenses”, “penalties” or “PCI Fines, Expenses and Costs” arising out of a “claim” are subject to more than one retention, the applicable retention amount shall apply to such “damages”, “claims expenses”, “penalties” or “PCI Fines, Expenses and Costs”, provided, that the sum of such retention amounts shall not exceed the largest applicable retention amount.
8. In the event that “cyber extortion loss”, “data protection loss” or “business interruption loss” arising out of a single incident are subject to more than one retention, the applicable retention amounts shall apply to such “cyber extortion loss”, “data protection loss” or “business interruption loss”, provided that the sum of such retention amounts shall not exceed the largest applicable retention amount.
9. Satisfaction of the applicable retention is required prior to the payment by us of any amounts or providing of any services hereunder, and we shall be liable only for the amounts in excess of such retention subject to our total liability not exceeding the policy aggregate limit of liability or limit of coverage for privacy breach response services set forth in the Declarations. The “named insured” shall make direct payments within the retention to appropriate other parties designated by us.

G. OPTIONAL EXTENSION PERIOD

1. Upon termination of this Endorsement for any reason except for the non-payment of premium, the “named insured” shall have the right, upon payment in full of the percentage of the premium set forth in the Declarations, to have issued an endorsement providing an optional extension period for the period of time set forth in the Declarations for “claims” first made against any insured and reported to us during the optional

extension period and arising out of any act, error or omission committed on or after the “retroactive date” and before the end of the “policy period”.

2. In order for the “named insured” to invoke the optional extension period option, the payment of the additional premium for the optional extension period must be paid to us within thirty (30) days of the termination of this Endorsement. If notice of election of the optional extension period is not given to us within such thirty (30) day period, there shall be no right to purchase the optional extension period.
3. The limit of liability for the optional extension period shall be part of, and not in addition to, the applicable policy aggregate limit of liability for the “policy period”. The purchase of the optional extension period does not in any way increase the policy aggregate limit of liability or any sublimit of liability. The optional extension period does not apply to **A. COVERAGES, 2. Privacy Breach Response Services, 6. Cyber Extortion, 7. First Party Data Protection or 8. First Party Network Business Interruption.**
4. The optional extension period does not extend the policy period or change the scope of coverage provided.
5. At the commencement of the optional extension period the entire premium shall be deemed earned, and in the event the “named insured” terminates the optional extension period for any reason prior to its natural expiration, we will not be liable to return any premium paid for the optional extension period.

H. NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM

1. With respect to **A. COVERAGES, 1. Information Security and Privacy Liability, 3. Regulatory Defense and Penalties, 4. Website Media Content Liability and 5. PCI Fines, Expenses and Costs:**
 - A. If any “claim” is made against the insured, the insured shall forward as soon as practicable to us written notice of such “claim” by facsimile, email or express or certified mail, together with every demand, notice, summons or other process received by the insured or the insured’s representative. In no event shall we be given notice of a “claim” later than the end of the “policy period”, the end of the optional extension period, if applicable, or sixty (60) days after the expiration date of the “policy period”.
 - B. If, during the “policy period”, the insured becomes aware of any circumstance that could reasonably be the basis for a “claim”, it may give written notice to us in the form of a facsimile, email or express or certified mail as soon as practicable during the “policy period”. Such notice must include:
 - i. the specific details of the act, error, omission, or “security breach” that could reasonably be the basis for a “claim”;
 - ii. the injury or damage which may result or has resulted from the circumstance; and
 - iii. the facts by which the insured first became aware of the act, error, omission or “security breach”.Any subsequent “claim” made against the insured arising out of such circumstance which is the subject of the written notice will be deemed to have been made at the time written notice complying with the above requirements was first given to us.
 - C. A “claim” or legal obligation under paragraph a. of this section shall be considered to be reported to us when written notice is first received by us in the form of a facsimile, email or express or certified mail of the “claim” or legal obligation, or of an act, error, or omission, which could reasonably be expected to give rise to a “claim” if provided in compliance with this paragraph.
 - D. In the event coverage is renewed by us and privacy breach response services are provided because of such incident or suspected incident that was discovered by the insured prior to the expiration of this coverage, and first reported during the sixty (60) day post “policy period” reporting period, then any subsequent “claim” arising out of such incident or suspected incident is deemed to have been made during the “policy period”.
2. With respect to **A. COVERAGES, 2. Privacy Breach Response Services and 6. Cyber Extortion:**
 - A. If any incident, or reasonably suspected incident, described in paragraphs a. or b. of **A. COVERAGES, 1. Information Security and Privacy Liability** occurs, or in the event of a cyber extortion threat, the insured must report such incident, or reasonably suspected incident, to us in writing by facsimile, email or express or certified mail as soon as practicable during the “policy period” after discovery by the insured. In no event shall we be given notice of such incident later than the end of the “policy period” or sixty (60) days after the expiration date of the “policy period”.
3. With respect to **A. COVERAGES, 7. First Party Data Protection and 8. First Party Network Business Interruption:**
 - A. Notice of “Data Protection Loss” or “Business Interruption Loss”

- i. With respect to **A. COVERAGES, 7. First Party Data Protection**, the “named insured” must forward written notice by facsimile, email or express or certified mail immediately upon discovery of alteration, corruption, destruction, deletion or damage to or inability to access a “data asset” to which this Endorsement applies. In no event shall we be given notice of “data protection loss” later than the end of the “policy period” or sixty (60) days after the expiration date of the “policy period”.
 - ii. With respect to **A. COVERAGES, 8. First Party Network Business Interruption**, the “named insured” must forward written notice by facsimile, email or express or certified mail immediately upon discovery of the interruption or suspension of “computer systems” to which this Endorsement applies. In no event shall we be given notice of “business interruption loss” later than the end of the “policy period” or sixty (60) days after the expiration date of the “policy period”.
- B. Proof of Loss & Appraisal**
- i. Before coverage will apply, the “named insured” must prepare and submit to us a written and detailed proof of loss sworn by an officer of the “named insured” within ninety (90) days after the insured discovers a “data protection loss” or the “insured organization” sustains a “business interruption loss”, as applicable, but in no event later than six (6) months following the end of the “policy period” (unless such period has been extended by our written consent). Such proof of loss shall include a narrative with full particulars of such “data protection loss” or “business interruption loss”, including, the time, place and cause of the “data protection loss” or “business interruption loss”, a detailed calculation of any “data protection loss” or “business interruption loss”, the “insured organization’s” interest and the interest of all others in the property, the sound value thereof and the amount of “data protection loss” or “business interruption loss” or damage thereto and all other insurance thereon.
 - ii. The “named insured” must, upon our request, submit to an examination under oath and provide copies of the underlying documents, data and materials that reasonably relate to or are part of the basis of the claim for such “data protection loss” or “business interruption loss”. The costs and expenses of preparing and submitting a proof of loss, and establishing or proving “data protection loss”, “business interruption loss” or any other “loss” under this Endorsement shall be the insured’s obligation.
 - iii. If we do not agree with the “named insured” on the amount of a “data protection loss” or a “business interruption loss”, each party shall select and pay a qualified and disinterested appraiser or other qualified expert (the “Appraiser(s)”) to state the amount of the loss or reasonable expenses, and the Appraisers shall choose an umpire. If the Appraisers cannot agree on an umpire, the “named insured” or we may request a judge of a court having jurisdiction to make the selection. Each Appraiser shall submit their loss estimate to the umpire, and agreement by the umpire and at least one of the Appraisers as to the amount of a “data protection loss” or “business interruption loss” shall be binding on all “insureds” and us. The “named insured” and we will equally share the costs of the umpire and any other costs other than the cost of the Appraisers. This provision shall govern only appraisal under this section and shall not control the determination of whether such “data protection loss” or “business interruption loss” is otherwise covered by this Endorsement. We retain and do not waive our right to deny coverage or to enforce any obligation under this Endorsement.

I. OTHER INSURANCE

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

J. SUBROGATION

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

K. DEFINITIONS

1. "Breach notice law" means any federal, state, local or foreign statute or regulation that requires notice to persons whose "personally identifiable information" was accessed or reasonably may have been accessed by an unauthorized person.
2. "Breach resolution and mitigation services" means a credit monitoring, identity monitoring or other solution offered to "notified individuals". The product offered to "notified individuals" will be selected from our panel by us in consultation with the "insured organization".
3. "Business interruption loss" means the actual "income loss", "forensic expenses" and "extra expense" incurred during the "period of restoration". "Business interruption loss" shall not include:
 - A. "loss" arising out of any liability to any third party for whatever reason; legal costs or legal expenses of any type; "loss" incurred as a result of unfavorable business conditions, loss of market or any other consequential loss; or costs or expenses the "insured organization" incurs to identify or remove software program errors or vulnerabilities; or
 - B. expenses incurred by the insured to update, upgrade, enhance or replace "computer systems" to a level beyond that which existed prior to the actual and necessary interruption of "computer systems"; or the costs and expenses incurred by the "insured organization" to restore, reproduce or regain access to any "data asset" that was altered, corrupted, destroyed, deleted, damaged or rendered inaccessible as a result of the failure of "computer security" to prevent a "security breach".
4. "Call center services" means the provision of a call center to answer calls during standard business hours for a period of ninety (90) days following notification (or longer if required by applicable law or regulation) of an incident for which notice is provided pursuant to paragraph d. of **A. COVERAGES, 2. Privacy Breach Response Services**. "Call center services" will be provided by a service provider from our panel selected by us in consultation with the "insured organization".
5. "Claim" means:
 - A. a written demand received by any insured for money or services, including service of a suit or institution of regulatory or arbitration proceedings;
 - B. with respect to coverage provided under **A. COVERAGES, 3. Regulatory Defense and Penalties** only, institution of a "regulatory proceeding" against any insured;
 - C. a written request or agreement to toll or waive a statute of limitations relating to a potential "claim" described in paragraph A. above; and
 - D. with respect to coverage provided under paragraph a. of **A. COVERAGES, 1. Information Security and Privacy Liability** only, a demand received by any insured to fulfill the "insured organization's" contractual obligation to provide notice of an incident, or reasonably suspected incident, described in paragraph A. of **A. COVERAGES, 1. Information Security and Privacy Liability** pursuant to a "breach notice law".

Multiple "claims" arising from the same or a series of related or repeated acts, errors, or omissions, or from any continuing acts, errors, omissions, or from multiple "security breaches" arising from a failure of "computer security" shall be considered a single "claim" for the purposes of this Endorsement, irrespective of the number of claimants or "insureds" involved in the "claim". All such "claims" shall be deemed to have been made at the time of the first such "claim".
6. "Claims expenses" means:
 - A. reasonable and necessary fees charged by an attorney designated pursuant to paragraph 1. of **B. DEFENSE AND SETTLEMENT OF CLAIMS**;
 - B. all other legal costs and expenses resulting from the investigation, adjustment, defense and appeal of a "claim", suit, or proceeding arising in connection therewith, or circumstance which might lead to a "claim" if incurred by us or the insured with our prior written consent;
 - C. the premium cost for appeal bonds for covered judgments or bonds to release property used to secure a legal obligation, if required in any "claim" against an "insured" provided that we shall have no obligation to appeal or to obtain bonds.

"Claims expenses" do not include any salary, overhead, or other charges by the insured for any time spent cooperating with the defense and investigation of any "claim", or circumstance that might lead to a "claim", under this Endorsement, or costs to comply with any regulatory orders, settlements or judgments.
7. "Computer expert services" means costs for:
 - A. a computer security expert to determine the existence and cause of an actual or suspected electronic data breach which may require the "insured organization" to comply with a "breach notice law" and to determine the extent to which such information was accessed by an unauthorized person or persons; and if such breach is actively in progress on the "insured organization's" "computer systems", to assist in containing the existing intrusion on such systems from accessing "personally identifiable information"; and

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

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

- 8. “Computer security” means software, computer or network hardware devices, as well as the “insured organization’s” information security policies and procedures, the function or purpose of which is to prevent “unauthorized access or use”, a “denial of service attack” against “computer systems”, infection of “computer systems” by “malicious code” or transmission of “malicious code” from “computer systems”. “Computer security” includes anti-virus and intrusion detection software, firewalls and electronic systems that provide access control to “computer systems” through the use of passwords, biometric or similar identification of authorized users.
- 9. “Computer systems” means computers, any software residing on such computers, and associated input and output devices, data storage devices, networking equipment, and back up facilities:
 - A. operated by and either owned by or leased to the “insured organization”, or
 - B. with respect to **A. COVERAGES, 1. Information Security and Privacy Liability, 2. Privacy Breach Response Services and 3. Regulatory Defense & Penalties** only, systems operated by a third party service provider and used for the purpose of providing hosted computer application services, including cloud services, to the “insured organization” or for processing, maintaining, hosting or storing the “insured organization’s” electronic data, pursuant to written contract with the “insured organization” for such services.
- 10. “Control group” means any principal, partner, corporate officer, director, “manager”, general counsel (or most senior legal counsel) or risk manager of the “insured organization” and any individual in a substantially similar position.
- 11. “Cyber extortion loss” means:
 - A. any “extortion payment” that has been made under duress by or on behalf of the “insured organization”, with our prior written consent, but solely to prevent or terminate an “extortion threat”;
 - B. reasonable and necessary expenses incurred by the “insured organization”, with our prior written approval, that directly relate to the insured’s efforts to prevent or terminate an “extortion threat”.
- 12. “Damages” means a monetary judgment, award or settlement. The term “damages” shall not include or mean:
 - A. future profits, restitution, disgorgement of unjust enrichment or profits by an insured, or the costs of complying with orders granting injunctive or equitable relief;
 - B. return or offset of fees, charges, or commissions charged by or owed to an insured for goods or services already provided or contracted to be provided;
 - C. taxes or loss of tax benefits;
 - D. fines, sanctions or penalties;
 - E. punitive or exemplary damages, or any damages which are a multiple of compensatory damages, unless insurable by law in any applicable venue that most favors coverage for such punitive, exemplary or multiple damages;
 - F. discounts, coupons, prizes, awards or other incentives offered to the insured’s customers or clients;
 - G. liquidated damages, but only to the extent that such damages exceed the amount for which the insured would have been liable in the absence of such liquidated damages agreement; or
 - H. any amounts for which the insured is not liable, or for which there is no legal recourse against the insured.
- 13. “Data asset” means any software or electronic data that exists in computer systems and that is subject to regular back up procedures.
- 14. “Data protection loss” means the reasonable and necessary costs and expenses incurred by the “insured organization” to regain access to, replace, restore, reassemble or recollect any “data asset”, or if any “data asset” cannot reasonably be accessed, replaced, restored, reassembled or recollected, then the actual reasonable and necessary costs and expenses incurred by the “insured organization” to reach this determination. “Data protection loss” shall not mean, and there shall be no coverage for:

- A. costs or expenses incurred by the “insured organization” to identify or remediate software program errors or vulnerabilities or update, replace, restore, assemble, reproduce, recollect or enhance a “data asset” or “computer systems” to a level beyond that which existed prior to the alteration, corruption, destruction, deletion or damage of such “data asset”
 - B. costs or expenses to research or develop any “data asset”, including but not limited to trade secrets or other proprietary information;
 - C. the monetary value of profits, royalties or lost market share related to a data asset, including but not limited to trade secrets or other proprietary information or any other amount pertaining to the value of the “data asset”;
 - D. loss arising out of any liability to any third party for whatever reason; or
 - E. legal costs or legal expenses of any type.
15. “Denial of service attack” means a cyber-attack where the perpetrator seeks to make a machine or network resource unavailable to its intended users.
16. “Digital currency” means a type of digital currency that:
- A. requires cryptographic techniques to regulate the generation of units of currency and verify the transfer thereof;
 - B. is both stored and transferred electronically; and
 - C. operates independently of a central bank or other central authority.
17. “Employee” means:
- A. A natural person:
 - i. while in the regular service of the “insured organization” in the ordinary course of its business; and
 - ii. whom the “insured organization” has the right to direct and control while performing labor or service for the “insured organization”; and
 - iii. who is compensated directly by the “insured organization” through salary, wages or commissions;
 - B. a natural person who is directed and controlled by the “insured organization” while performing labor or service for the “insured organization” pursuant to a lease or other written contract to which the “insured organization” is a party;
 - C. a natural person volunteer who is directed and controlled by the “insured organization” while performing labor or service for the “insured organization”;
 - D. a natural person who is a director, trustee, officer, administrator, “manager” or partner of the “insured organization”, when performing acts coming within the scope of the usual duties of a director, trustee, officer, administrator, “manager” or partner; or
 - E. a natural person who is:
 - i. a trustee, officer, “employee”, administrator, fiduciary or manager of any Employee Welfare or Pension Benefit Plan, as defined in Employee Retirement Income Security Act of 1974 and any amendments thereto (“ERISA”), which is or becomes solely sponsored by the “insured organization”; or
 - ii. required to be bonded by Title 1 of ERISA.
18. “Extortion payment” means cash, “digital currency”, marketable goods or services demanded to prevent or terminate an “extortion threat”. If an “extortion payment” is made by or on behalf of the “insured organization” in “digital currency”, payment by us shall be made in United States Dollars equal to the US Dollar-value of the “digital currency” at the time the “extortion payment” is made. For purposes of this paragraph, an “extortion payment” using “digital currency” shall be considered “made” at the time that such “digital currency” is first recorded in a public ledger of transactions for such “digital currency”.
19. “Extortion threat” means a threat to:
- A. alter, destroy, damage, delete or corrupt any “data asset”;
 - B. prevent access to “computer systems” or a “data asset”;
 - C. perpetrate a theft or misuse of a “data asset” on “computer systems” through external access;
 - D. introduce “malicious code” into “computer systems” or to third party computer systems from “computer systems”; or
 - E. publicly disclose a “data asset”, “personally identifiable information” or “third party information” that is obtained by “unauthorized access or use” to the “insured organization’s” “computer systems”; unless an “extortion payment” is received from or on behalf of the “insured organization”.
20. “Extra expense” means reasonable and necessary expenses that are incurred by the “insured organization” during the “period of restoration” to minimize, reduce or avoid an “income loss”, over and above those expenses the “insured organization” would have incurred had no interruption of “computer systems” occurred.

21. "Forensic expenses" means reasonable and necessary expenses incurred by the "insured organization" to investigate the source or cause of the failure of "computer security" to prevent a "security breach".
22. "Income loss" means an amount equal to:
- A. the net profit or loss before interest and tax that the "insured organization" would have earned or incurred; and
 - B. continuing normal operating expenses incurred by the "insured organization" (including payroll), but only to the extent that such operating expenses must necessarily continue during the "period of restoration" and such expenses would have been incurred by the "insured organization" had such interruption not occurred.

In determining "income loss", due consideration shall be given to:

- A. the prior experience of the "insured organization's" business operations before the beginning of the "period of restoration";
 - B. the probable business operations the "insured organization" could have performed had no actual and necessary interruption occurred as result of a failure of "computer security" to prevent a "security breach"; and
 - C. the "insured organization's" ability to reasonably reduce or limit the interruption of "computer systems" or conduct its business operations by other means.
23. "Insured organization" means the "named insured" and any "subsidiaries" of the "named insured".
24. "Legal services" means fees charged by an attorney:
- A. to determine the applicability of and actions necessary for the "insured organization" to comply with "breach notice laws" due to an actual or reasonably suspected theft, loss or "unauthorized disclosure" of "personally identifiable information";
 - B. to provide necessary legal advice to the "insured organization" in responding to actual or suspected theft, loss or "unauthorized disclosure" of "personally identifiable information";
 - C. to advise the "insured organization" regarding the notification of relevant governmental entities of an actual or reasonably suspected theft, loss or "unauthorized disclosure" of "personally identifiable information"; and
 - D. to advise the "insured organization" in responding to credit card system operating regulation requirements for any actual or suspected compromise of credit card data that is required to be reported to the "insured organization's" merchant bank under the terms of a "merchant services agreement"; however, "legal services" do not include fees incurred in any actual or threatened legal proceeding, arbitration or mediation, or any advice in responding to credit card system operating regulation in connection with an assessment of "PCI fines, expenses, and costs".

"Legal services" will be provided in accordance with the terms and conditions set forth in this Endorsement and will be provided by an attorney from our panel selected by us in consultation with the "insured organization".

25. "Loss" means:
- A. "damages";
 - B. "claims expenses";
 - C. privacy breach response services;
 - D. "PCI fines, expenses and costs";
 - E. "cyber extortion loss";
 - F. "data protection loss";
 - G. "business interruption loss"; and
 - H. "penalties".
26. "Malicious code" means any virus, Trojan horse, worm or any other similar software program, code or script intentionally designed to insert itself into computer memory or onto a computer disk and spread itself from one computer to another.
27. "Management control" means:
- A. owning, directly or indirectly, more than fifty percent (50%) of the outstanding securities, representing the present right to vote for the election of an entity's directors, members of the board of managers, management committee members or persons serving in a functionally equivalent role for such an entity operating or organization outside of the United States; or
 - B. having the right, pursuant to a written contract or bylaws, charter, operating agreement or similar documents of an entity to elect, appoint or designate a majority of:
 - i. the Board of Directors of a corporation;

- ii. the Management Committee of a joint venture or partnership;
 - iii. the Management Board of a limited liability company; or
 - iv. persons serving in a functionally equivalent role for such an entity operating or organized outside of the United States.
28. "Manager" means manager of a limited liability company.
29. "Media material" means any information in electronic form, including words, sounds, numbers, images, or graphics and shall include advertising, video, streaming content, web-casting, online forums, bulletin boards and chat room content, but does not mean computer software or the actual goods, products or services described, illustrated or displayed in such "media material".
30. "Merchant services agreement" means any agreement between an insured and a financial institution, credit/debit company, credit/debit card processor or independent service operator enabling an insured to accept credit card, debit card, prepaid card, or other payment cards for payments or donations.
31. "Named insured" means the individual, partnership, entity or corporation designated as such in the declarations of the policy.
32. "Notification services" means:
- A. notification by first class mail or e-mail to United States, Canadian or Mexican residents; and
 - B. notification by first class mail or e-mail to individuals residing outside the United States, Canada or Mexico, but only to the extent reasonably practicable.
- "Notification services" will be provided by a service provider from our panel selected by us in consultation with the "insured organization".
33. "Notified individual" means an individual person to whom notice is given or attempted to be given under paragraph d. of **A. COVERAGES, 2. Privacy Breach Response Services** pursuant to a "breach notice law".
34. "PCI fines, expenses and costs" means the direct monetary fines, penalties, reimbursements, fraud recoveries or assessments owed by the "insured organization" under the terms of a "merchant services agreement", but only where such fines, penalties, reimbursements, fraud recoveries or assessments result both from the "insured organization's" actual or alleged noncompliance with published Payment Card Industry (PCI) Data Security Standards and from a data breach caused by an incident, or reasonably suspected incident, described in paragraphs **A.** and **B.** of **A. COVERAGES, 1. Information Security and Privacy Liability**; provided, that the term "PCI fines, expenses and costs" shall not include or mean any charge backs, interchangeable fees, discount fees or prospective service fees.
35. "Penalties" means:
- A. any civil fine or punitive sum of money payable to a governmental entity that was imposed in a "regulatory proceeding" by any other federal, state, local or foreign governmental entity, in such entity's regulatory or official capacity; the insurability of "penalties" shall be in accordance with the law in the applicable venue that most favors coverage for such "penalties"; and
 - B. amounts which the insured is legally obligated to deposit in a fund as equitable relief for the payment of consumer claims due to an adverse judgment or settlement of a "regulatory proceeding"; but shall not include payments to charitable organizations or disposition of such funds other than for payment of consumer claims for losses caused by an event covered pursuant to paragraphs **A.**, **B.**, or **C.** of **A. COVERAGES, 1. Information Security and Privacy Liability**;
 - C. "Penalties" do not mean:
 - i. costs to remediate or improve "computer systems";
 - ii. costs to establish, implement, maintain, improve or remediate security or privacy practices, procedures, programs or policies;
 - iii. audit, assessment, compliance or reporting costs; or
 - iv. costs to protect the confidentiality, integrity and/or security of "personally identifiable information" from theft, loss or disclosure.
36. "Period of restoration" means the time period that:
- A. begins after the expiration of the "waiting period" following the actual and necessary interruption of "computer systems" and
 - B. ends one hundred twenty (120) days after the actual and necessary interruption of "computer systems" ends (or would have ended with the exercise of due diligence and dispatch);
- provided that in no event shall the "period of restoration" mean a period of time greater than one hundred eighty (180) days; and provided further that restoration of "computer systems" will not end the "period of restoration" if such systems are actually and necessarily interrupted or suspended again within one hour of such restoration due to the same cause as the original interruption or suspension.
37. "Personally identifiable information" means:

- A. information concerning the individual that constitutes nonpublic personal information as defined in the Gramm-Leach Bliley Act of 1999, as amended, and regulations issued pursuant to this Act;
- B. medical or health care information concerning the individual, including protected health information as defined in the Health Insurance Portability and Accountability Act of 1996, as amended, and regulations issued pursuant to this Act;
- C. information concerning the individual that is defined as private personal information under statutes enacted to protect such information in foreign countries, for “claims” subject to the law of such jurisdiction;
- D. information concerning the individual that is defined as private personal information under a “breach notice law”;
- E. education records as defined by the Family Educational Rights and Privacy Act which are directly related to an individual’s attendance as a student; or
- F. the individual’s drivers’ license or state identification number, social security number, unpublished telephone number, and credit, debit, or other financial account numbers in combination with associated security codes, access codes, passwords or pins; if such information allows an individual to be uniquely and reliably identified or contacted or allows access to the individual’s financial account or medial record information.

“Personally identifiable information” does not include publicly available information that is lawfully made available to the general public from government records.

- 38. “Policy period” means the period of time between the inception date and the effective date of termination of coverage and specifically excludes any optional extension period or any prior policy period or renewal period.
- 39. “Privacy law” means a federal, state or foreign statute or regulation requiring the “insured organization” to protect the confidentiality and/or security of “personally identifiable information”.
- 40. “Privacy policy” means the “insured organization’s” public declaration of its policy for collection, use, disclosure, sharing, dissemination and correction or supplementation of, and access to “personally identifiable information”.
- 41. “Public relations and crisis management expenses” shall mean the following costs, approved in advance by us, which are directly related to mitigating harm to the “insured organization’s” reputation or potential “loss” covered by this Endorsement resulting from an incident described in paragraphs A. and B. of **A. COVERAGES, 1. Information Security and Privacy Liability** or from a “public relations event”:
 - A. costs incurred by a public relations or crisis management consultant;
 - B. costs for media purchasing or for printing or mailing materials intended to inform the general public about the incident;
 - C. for incidents or events in which notifications services are not otherwise provided pursuant to **A. COVERAGES, 1. Information Security and Privacy Liability** and **2. Privacy Breach Response Services**, costs to provide notifications and notices via e-mail or first class mail to affected individuals where such notifications are not required by law (voluntary notifications), including non-affected customers or patients of the “insured organization”;
 - D. costs to provide government mandated public notices related to breach events (including such notifications required under the Health Insurance Portability and Accountability Act of 1996 or the Health Information Technology for Economic and Clinical Health Act;
 - E. costs to provide services to restore healthcare records of “notified individuals” residing in the United States whose “personally identifiable information” was compromised as a result of theft, loss or “unauthorized disclosure”; and
 - F. other costs approved in advance by us.

“Public relations and crisis management expenses” must be incurred no later than twelve (12) months following the reporting of such “claim” or breach event to us and, with respect to paragraphs a. and b. above, within ninety (90) days following the first publication of such “claim” or incident. If voluntary notifications are provided, e-mail notification will be provided in lieu of first class mail to the extent practicable.

- 42. “Public relations event” means the publication or imminent publication in a newspaper (or other general circulation print publication) or on radio, television or a publically accessible website of a covered “claim” or incident under this Endorsement.
- 43. “Regulatory proceeding” means a request for information, civil investigative demand or civil proceeding commenced by service of a complaint or similar proceeding brought by or on behalf of any federal, state, local or foreign governmental entity in such entity’s regulatory or official capacity in connection with such proceeding.

44. "Related party" means the "insured organization" and any past, present or future employees, directors, officers, "managers", partners or natural person independent contractors of the "insured organization".
45. "Retroactive date" means the date shown on the Declarations next to "retroactive date".
46. "Security breach" means:
- A. "Unauthorized access or use" of "computer systems", including "unauthorized access or use" resulting from the theft of a password from a "computer system" or from any insured;
 - B. A "denial of service attack" against "computer systems" or "computer systems" that are not owned, operated or controlled by an insured; or
 - C. infection of "computer systems" by "malicious code" or transmission of "malicious code" from "computer systems".
- A series of continuing "security breaches", related or repeated "security breaches", or multiple "security breaches" resulting from a continuing failure of "computer security" shall be considered a single "security breach" and be deemed to have occurred at the time of the first such "security breach".
47. "Subsidiary" means any corporation, limited liability company, joint venture or partnership while the "named insured" has "management control" over such entity, if the "named insured":
- A. had "management control" over such entity on the inception date of this Endorsement or such entity was an insured under a Policy issued by us of which this Endorsement is a renewal;
 - B. acquires "management control" after the inception date of this Endorsement provided the revenues of the entity do not exceed fifteen percent (15%) of the "named insured's" annual revenues for the four quarterly periods directly preceding inception of the Endorsement; or
 - C. provided that this coverage only provides coverage for acts, errors, omissions, incidents or events that take place while the "named insured" has "management control" over such entity.
48. "Third party information" means any trade secret, data, design, interpretation, forecast, formula, method, practice, credit or debit card magnetic strip information, process, record, report or other item of information of a third party not insured under this Endorsement which is not available to the general public and is provided to the insured subject to a mutually executed written confidentiality agreement or which the "insured organization" is legally required to maintain in confidence; however, "third party information" shall not include "personally identifiable information".
49. "Unauthorized access or use" means the gaining of access to or use of "computer systems" by an unauthorized person or persons or the use of "computer systems" in an unauthorized manner.
50. "Unauthorized disclosure" means the disclosure of (including disclosure resulting from phishing) or access to information in a manner that is not authorized by the "insured organization" and is without knowledge of, consent, or acquiescence of any member of the "control group".
51. "Vendor" means any entity or natural person that provides goods or services to the insured pursuant to a written agreement.
52. "Waiting period" means the period of time beginning when the actual and necessary interruption of "computer systems" caused directly by a failure of "computer security" to prevent a "security breach" begins and expiring after the elapse of twelve (12) hours. A "waiting period" shall apply to each "period of restoration".

L. ASSISTANCE AND COOPERATION

1. We shall have the right to make any investigation we deem necessary, and the insured shall cooperate with us in all investigations. The insured shall execute or cause to be executed all papers and render all assistance as is requested by us. The insured agrees not to take any action which in any way increases our exposure under this Endorsement.
2. Upon our request, the insured shall assist in making settlements, in the conduct of suits and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the insured because of acts, errors or omissions, incidents or events with respect to which insurance is afforded under this Endorsement; and the insured shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses.
3. The insured shall not admit liability, make any payment, assume any obligations, incur any expense, enter into any settlement, stipulate to any judgment or award or dispose of any "claim" without our written consent, except as specifically provided in **B. DEFENSE AND SETTLEMENT OF CLAIMS**. Compliance with a "breach notice law" will not be considered an admission of liability for purposes of this Clause.
4. Expenses incurred by the insured in assisting and cooperating with us do not constitute "claims expenses" under the Endorsement.

M. ACTION AGAINST US

No action shall lie against us or our representatives unless and until, as a condition precedent thereto, the insured shall have fully complied with all provisions, terms and conditions of this Endorsement and the amount of the insured's obligation to pay shall have been finally determined either by judgment or award against the insured after trial, regulatory proceeding, arbitration or by written agreement of the insured, the claimant, and us.

No person or organization shall have the right under this Endorsement to join us as a party to an action or other proceeding against the insured to determine the insured's liability, nor shall we be impleaded by the insured or the insured's legal representative.

The insured's bankruptcy or insolvency or of the insured's estate shall not relieve us of our obligations hereunder.

N. ASSIGNMENT

The interest hereunder of any insured is not assignable. If the insured shall die or be adjudged incompetent, such insurance shall cover the insured's legal representative as the insured as would be permitted under this Endorsement.

O. NAMED INSURED AS AGENT

The "named insured" shall be considered the agent of all insureds, and shall act on behalf of all insureds with respect to the giving of or receipt of all notices pertaining to this Endorsement, the acceptance of any endorsements to this Endorsement, and the "named insured" shall be responsible for the payment of all premiums and Retentions.

P. AUTHORIZATION

By acceptance of this Endorsement, the insureds agree that the "named insured" will act on their behalf with respect to the giving and receiving of any notice provided for in this Endorsement, the payment of premiums and the receipt of any return premiums that may become due under this Endorsement, and the agreement to and acceptance of endorsements.

Q. CHOICE OF LAW

Any disputes involving this Endorsement shall be resolved applying the law of the state of domicile of the "named insured."

R. VALUATION AND CURRENCY

All premiums, limits, deductibles, "loss" and other amounts under this Endorsement are expressed and payable in the currency of the United States. If judgment is rendered, settlement is denominated or another element of "loss" under this Endorsement is stated in a currency other than United States dollars or is paid in a currency other than United States dollars, payment under this Endorsement shall be made in United States dollars at the rate of exchange published in the *Wall Street Journal* on the date the judgment becomes final or payment of the settlement or other element of "damages", "penalties", or "PCI Fines, Expenses and Costs" is due or, with respect to "claims expenses", the date they are paid.

S. TERRITORY

This Endorsement applies to "claims" made, acts committed, or "loss" occurring anywhere in the world.

SECTION III – COMMON POLICY CONDITIONS (APPLICABLE TO SECTION I – PROPERTY AND SECTION II – LIABILITY) is amended to SECTION III – COMMON POLICY CONDITIONS (APPLICABLE TO SECTION I – PROPERTY, SECTION II – LIABILITY AND SECTION IV – CYBER LIABILITY AND DATA BREACH RESPONSE)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LEAD LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

- A.** For purposes of this endorsement, the following is added to section **B.1 Exclusions Applicable To Business Liability Coverage** in **SECTION II – LIABILITY:**
- Lead Liability**
1. Actual or alleged "bodily injury" arising out of the presence, ingestion, inhalation, absorption, or exposure to lead in any form;
 2. Actual or alleged "property damage" or "personal and advertising injury" arising out of any form of lead;
 3. Any loss, cost, or expense arising out of any request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to or assess the effects of lead; or
 4. Any loss, cost, or expense arising out of any claim or suit by or on behalf of any governmental authority for damages resulting from testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, or in any way responding to or assessing the effects of lead.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COUNSELING PROFESSIONAL LIABILITY COVERAGE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

For the purposes of the coverage provided by this endorsement, **SECTION II – LIABILITY** is amended as follows:

A. The following is added to A. Coverages in SECTION II – LIABILITY:

Counseling Professional Liability

1. We will pay those sums that the insured becomes legally obligated to pay as damages because of injury to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for injury to which this insurance does not apply. We may, at our discretion, investigate any "counseling incident" and settle any claim or "suit" that may result. But:

- a. The amount we will pay for damages is limited as described in paragraph **D. Liability And Medical Expenses Limits Of Insurance in Section II – Liability**; and
- b. Our right and duty to defend end when we have used up the applicable Limit of Insurance in the payment of judgments or settlements or medical expenses.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under paragraph **5. Coverage Extension – Supplementary Payments**.

2. This insurance applies to a "counseling incident" injury only if:
 - a. The injury is caused by a "counseling incident" that takes place in the "coverage territory;" and
 - b. The "counseling incident" occurs during the policy period.
3. Injury which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph **C.1. Who Is An**

Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of injury after the end of the policy period.

4. Injury will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph C.1. Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:
 - a. Reports all, or any part, of the injury to us or any other insurer.
 - b. Receives a written or verbal demand or claim for damages because of the injury, or
 - c. Becomes aware by any other means that injury has occurred or has begun to occur.

5. Coverage Extension – Supplementary Payments

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

- a. All expenses we incur.
- b. The cost of bonds to release attachments, but only for bond amounts within our Limit of Insurance. We do not have to furnish these bonds.
- c. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
- d. All court costs taxed against any insured in the "suit". However, these payments do not include attorneys' fees or attorney's expenses taxed against the insured.
- e. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the

Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.

- f. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit of Insurance.

These payments will not reduce the Limit of Insurance under this Counseling Professional Liability coverage.

B. For the purposes of this endorsement, B. Exclusions in SECTION II - LIABILITY is amended as follows:

1. The following are added to 1. Applicable To Business Liability Coverage:

a. Commitment

Injury arising out of the commitment of a person to an institution.

b. Accreditation

Injury arising out of your acts or omissions as a member of a formal accreditation board, committee, or similar body.

c. Violation Of Law

Injury arising out of the willful violation of a penal statute or ordinance.

d. Abuse Or Molestation

Injury arising out of any actual or alleged act of "abuse or molestation." This includes, but is not limited to any claim or "suit" seeking damages based upon, arising out of, or attributable to vicarious liability; negligence in hiring, employment, supervision, retention, or transfer of any "employee" or "volunteer workers"; recommendation or referral of any person for employment or volunteer work; failure to protect or negligent supervision of any person (whether an adult or child) failure to warn, failure to investigate, or failure to comply with any obligation to report; and counseling.

e. Criminal Activity

Any dishonest, fraudulent, or criminal acts or omissions.

f. Punitive Damages

Any claim for exemplary or punitive damages.

2. Paragraph j. Professional Services is removed and replaced by the following:

Professional Services

Injury arising out of furnishing or failing to furnish any professional service (other than counseling) including:

- a. Medical;
- b. Radiological;
- c. Surgical;
- d. Dental;
- e. Nursing; or
- f. Pharmacological services or supplies.

C. For the purposes of this endorsement, the following are added to paragraph 1. in C. Who Is An Insured in SECTION II - LIABILITY:

- 1. If you are designated in the Declarations as a partnership or joint venture, you are an insured. Your members, your partners and their spouses are also insureds, but only with respect to your furnishing of counseling services.
- 2. If you are designated in the Declarations as other than a partnership or joint venture, your "executive officers", stockholders, directors, trustees, officials, elders and vestry members are insureds, but only with respect to their duties as such.
- 3. Any person occupying a position shown in the applicable Schedule of Positions in the Declarations is an insured.

No person or organization included under 1., 2., or 3. above is an insured for acts or omissions in the furnishing of counseling services unless the claim for damages arises out of acts or omissions of a person occupying, or who has occupied, a position shown in the applicable Schedule of Positions in the Declarations, but in no event is a psychologist, psychiatrist, or clinical social worker an insured.

D. For the purposes of this endorsement, D. Liability And Medical Expenses Limits Of Insurance in SECTION II - LIABILITY is amended as follows:

1. Paragraph 2. is removed and replaced by the following:

The most we will pay for all damages because of injury sustained by any one person is the Counseling Professional Liability Each Claim Limit.

2. The following is added to paragraph 4. Aggregate Limits:

All damages because of injury included under the Counseling Professional Liability endorsement is the Counseling Professional Liability Aggregate Limit.

- E. For the purposes of this endorsement, the following is added to **E. Liability And Medical Expenses General Conditions** in **SECTION II - LIABILITY**:

Representations

By accepting the policy, you agree:

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 representation.

Misrepresentation of any material fact may be grounds for the rescission of this Policy.

- F. For the purposes of this endorsement, the following are added to **F. Liability And Medical Expenses Definitions** in **SECTION II - LIABILITY**:

1. "Abuse or molestation" means actual, attempted, alleged or threatened abuse or molestation of any person by another while the person is in the care, custody or control of any insured. This includes physical abuse, sexual assault, sexual injury, sexual misconduct or sexual molestation. However, abuse or molestation does not include "sexual harassment".
2. "Counseling incident" means any act or omission in the furnishing of counseling services. Any such act or omission, together with all related acts or omissions in the furnishing of such services to any one person, shall be considered one claim subject to the Each Claim Limit of Insurance in force at the time the first "counseling incident" covered by this policy occurred.
3. "Sexual harassment" means any actual, attempted or alleged unwelcome sexual advances, requests for sexual favors or other conduct of a sexual nature by a person to another person or persons, but only when:
 - a. Submission to or rejection of such conduct is made either implicitly or explicitly a condition of a person's employment or a basis for employment decisions affecting a person; or
 - b. Such conduct has the purpose or effect of unreasonably interfering with an "employee's" work performance or creating an intimidating, hostile, or offensive work environment for your "employees".

- G. For the purposes of this endorsement, Paragraph 2. in **H. Other Insurance** in

SECTION III - COMMON POLICY CONDITIONS (APPLICABLE TO SECTION I - PROPERTY AND SECTION II - LIABILITY) is removed and replaced by the following:

If other valid and collectible Business Liability insurance is available to the insured for a loss we cover under the Counseling Professional Liability endorsement, our obligations are limited as follows:

1. Primary Insurance

This insurance is primary. When this insurance is primary, our obligations are not affected unless any other insurers' insurance is also primary. Then, we will share with all that other insurance by the method described in **b.** below.

2. Method Of Sharing

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CHILD CARE OR ADULT DAY CARE FACILITY

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

With respect to the operation of any child care or adult day care facility by you or on your behalf, the following provisions apply:

A. B.1 Exclusions Applicable To Business Liability in SECTION II – LIABILITY are amended as follows:

1. Paragraph **a. Expected Or Intended Injury** is removed and replaced by the following:

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:

- a. The use of reasonable force to protect persons or property.
- b. Corporal punishment to any person who receives facility services administered by or at the direction of any insured, if Corporal Punishment is shown in the Declarations.

2. The following is added to **g. Aircraft, Auto Or Watercraft:**

With respect to the transportation of persons who receive facility services, "bodily injury," "property damage," or "abuse or molestation" arising out of the ownership, maintenance, operation, use, "loading or unloading," or entrustment to others of any aircraft, "auto," or watercraft that is owned, operated, or hired by any insured. For the purpose of this exclusion, the word hired includes any contract to furnish transportation of any person who receives facility services to and from facilities.

3. The following is added to **j. Professional Services:**

Professional Services

If the facility owns or operates an infirmary with facilities for lodging and treatment, this insurance does not apply to injury for "bodily injury," "property damage," "personal and advertising injury," or "abuse or molestation" caused by:

- a. The rendering or failure to render:

- (1) Medical, surgical, dental, X-ray or nursing services treatment, advice or instruction, or the related furnishing of food or beverages;
 - (2) Any health or therapeutic service treatment, advice or instruction; and
 - (3) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming.
- b. The furnishing or dispensing of drugs or medical, dental, or surgical supplies or appliances; or
 - c. The handling or treatment of dead bodies including autopsies, organ donation, or other procedures.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CATASTROPHIC VIOLENCE RESPONSE COVERAGE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

For the purposes of the coverage provided by this endorsement, **SECTION II – LIABILITY** is amended as follows:

A. The following is added to A. Coverages in SECTION II – LIABILITY:

Catastrophic Violence Response

1. We will pay covered expenses that result from a "violent incident" to which this insurance applies. This insurance applies to a "violent incident" only if the "violent incident":

- a. Occurs during the policy period;
- b. Occurs during your "organized activities"; and
- c. Occurs on premises you own or lease.

Covered expenses resulting from the "violent incident" (unless otherwise limited) must be incurred within 395 days of the date of the "violent incident".

2. Covered Expenses

a. Subject to the applicable Limits of Insurance, covered expenses means only reasonable and necessary expenses. Covered expenses do not include any expenses other than emergency medical expenses that are not approved by us before incurred.

b. Subject to the Per Person Limit, reasonable and necessary expenses for any one person include:

- (1) Medical expenses, including ambulance services, emergency airlift and physical therapy. Emergency medical expenses do not require pre-approval by us. Our payment for covered medical expenses will be excess of the amount due from any other valid and collectible insurance including insurance available to any insured or any injured person. We will not pay the amount due from that other insurance.

(2) Individual counseling services for up to 90 days after the "violent incident" for any person who has sustained "serious bodily injury" or was held in a "hostage situation".

(3) Individual counseling for up to 90 days after the "violent incident" for the immediate family of any person who has sustained "serious bodily injury" or was held in a "hostage situation".

c. Subject to the Violent Incident Limit, reasonable and necessary expenses include:

(1) Funeral expenses. The most we will pay for funeral expenses is \$10,000 for any one funeral.

(2) We will pay two-thirds of the "wage loss" incurred by a person who sustains "serious bodily injury", a person held in a "hostage situation" or their "caregiver" for up to 30 days after the "violent incident" and up to a maximum limit of \$2,500. In the event that another policy, program or plan pays a portion of the "wage loss" but less than two-thirds of the "wage loss", then we will pay the difference between that portion and two-thirds of the "wage loss".

Proof of "wage loss" must be provided in writing by the employer of the person sustaining the "wage loss". If a person to whom coverage applies under this endorsement is self-employed, then such person must provide tax returns and other necessary records to document their "wage loss".

(3) The cost of an independent public relations consultant for up to 30 days after a "violent incident".

(4) Independent security services for up to 15 days after a "violent incident".

- (5) Group counseling services for your members for up to 30 days after a "violent incident".
- (6) "Wages" of temporary staff hired to replace "employees" who have sustained "serious bodily injury" during a "violent incident". "Wages" shall not be more than the "wages" received by the "employee" being replaced. Coverage shall end 30 days after the date the "violent incident" occurred.
- (7) Rental of an equivalent alternate facility for up to 30 days after the "violent incident".
- (8) Group counseling services for your members for up to 7 days before and/or 7 days after the first anniversary date of a "violent incident".
- (9) Security services and independent public relations consultant for up to 7 days before and/or 7 days after the first anniversary date of a "violent incident".

B. For the purposes of this endorsement, the following is added to **B. Exclusions** in **SECTION II - LIABILITY**:

Applicable To Catastrophic Violence Response

We will not pay expenses:

1. War

Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

2. Nuclear Energy Liability

Due to loss resulting from nuclear reaction, nuclear radiation or radioactive contamination or any related act or incident.

3. Abuse Or Molestation

Arising out of any actual or alleged act of "abuse or molestation". This includes, but is not limited to, expenses related to any claim or "suit" seeking damages based upon, arising out of, or attributable to vicarious liability; negligence in hiring, employment, supervision, retention or transfer of any "employee" or "volunteer workers"; recommendation or referral of any person for employment or volunteer work; failure to protect or negligent supervision of any person (whether an adult or "child") failure to warn, failure to investigate or failure to comply with any obligation to report; and counseling.

4. Aircraft, Auto Or Watercraft

Arising out of the ownership, maintenance or use of any motorized vehicle or equipment, including, but not limited to, any aircraft, "auto", watercraft, recreational vehicle, snowmobile, motorcycle, motorbike, golf cart or lawnmower.

5. Perpetrator

Incurred by the perpetrator(s) of the "violent incident", regardless of their relationship to you.

6. Legal Action Brought Against

For legal costs, litigation, attorney fees, judgments, settlements and damages that result from any claim, action or legal proceeding of any type or nature brought against any insured in connection with a "violent incident".

7. Legal Action Brought By

For legal costs, litigation and attorney fees from any claim, action or legal proceeding of any type or nature brought by any insured in connection with a "violent incident".

8. Workers' Compensation And Similar Laws

For any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law, or any similar law, regardless of whether the claimant has made a claim for such benefits.

9. Damage To Property

For damage to property including loss of use of property.

10. Government Services

For any services provided by a governmental entity.

This exclusion does not apply to services that are customarily charged to the public.

11. Indirect Property Loss

For indirect or consequential property loss of any kind resulting from a "violent incident".

12. Damages

For any damages imposed upon any insured, including, but not limited to, any fine, sanction, penalty or punitive or exemplary damages, plus any equitable, injunctive or other nonmonetary relief.

13. Ransom

For any amounts paid, or other expense incurred, to meet a demand made to return a hostage or captive.

C. For the purposes of this endorsement, the following are added to **SECTION II - LIABILITY**:

1. Catastrophic Violence Response Limits Of Insurance

- a. The Limits of Insurance shown in the Declarations and as shown in **b.**, **c.**, **d.**, and **e.** below are the most we will pay.
- b. The Violent Incident Aggregate Limit is the most we will pay for the sum of all covered expenses arising out of all "violent incidents".
- c. Subject to **b.** above, the Each Violent Incident Limit is the most we will pay for the sum of all covered expenses arising out of any one "violent incident".
- d. Subject to **c.** above, the Per Person Limit is the most we will pay any one person for the sum of all covered expenses arising out of a "violent incident".
- e. The Limits of Insurance shown in the Declarations for Each Violent Incident are the most that we will pay for the sum of all covered expenses that arise out of a "violent incident", regardless of:
 - (1) The number of perpetrators;
 - (2) The number of people sustaining "serious bodily injury", or held in a "hostage situation";
 - (3) The period of time over which the "violent incident" occurs; or
 - (4) The number of policy periods over which the "violent incident" occurs. If the "violent incident" occurs over more than one policy period, the limits of insurance applicable when the "violent incident" first began will apply.

2. Catastrophic Violence Response Conditions

- a. The payment of covered expenses under this endorsement is not an admission of liability under other coverages of this policy.
- b. Duties in the event of a "violent incident"
 - (1) You must see to it that we are notified as soon as practicable of any "violent incident" that may result in a claim. To the extent possible, notice should include:
 - (a) How, when and where the "violent incident" took place;
 - (b) The names and addresses of any injured persons and witnesses; and

(c) The nature of the injury arising out of the "violent incident".

- (2) No insured will, except at their own cost, voluntarily make a payment, assume any obligation or incur any expense without our prior approval.

c. Other insurance

If other valid and collectible insurance is available to the insured for a loss we cover under this endorsement, our obligations are limited as follows:

(1) Primary Insurance

This insurance is primary for all covered expenses except medical expenses. When this insurance is primary, our obligations are not affected unless any other insurers' insurance is also primary. Then, we will share with all other insurance by the method described in **c.** below.

(2) Excess Insurance

This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis for medical expenses.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (a) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (b) The total of all deductible and self-insured amounts under all other insurance.

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

(3) Method of sharing

If all 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.

3. Catastrophic Violence Response Definitions

- a. "Abuse or molestation" means actual, attempted, alleged or threatened abuse or molestation of any person by another person while the person is in the care, custody or control of any insured. This includes physical abuse, sexual assault, sexual injury, sexual misconduct or sexual molestation. However, abuse or molestation does not include "sexual harassment".
- b. "Caregiver" means "child", "spouse" or "parent" for the purpose of this coverage.
- c. "Child" means a natural, adopted or foster child, a stepchild or a legal ward.
- d. "Disruptive behavior" means any altercation or dispute that would not cause a reasonable adult to conclude that he or she was in immediate danger of "serious bodily injury". It includes, but is not limited to, behavior that disturbs, interferes with or prevents your normal activities such as: fistfights, brawling, punching, hitting, slapping, kicking, biting, choking, yelling, using profanity, bullying or pranks.
- e. "Hostage situation" means persons are held captive and restrained by someone who threatens to inflict "serious bodily injury" and the circumstances of the threat cause a reasonable adult to conclude the captives are at risk of "serious bodily injury".
- f. "Organized activities" means only activities sponsored by you.
- g. "Parent" means a natural parent, foster parent, adoptive parent, stepparent or legal guardian.
- h. "Serious bodily injury" means death or "bodily injury" that creates a substantial risk of death or which causes serious, permanent disfigurement or protracted loss or impairment of the function of any significant bodily member or organ. "Serious bodily injury" does not include emotional or mental injury.
- i. "Sexual harassment" means any actual, attempted or alleged unwelcome sexual advances, requests for sexual favors or

other conduct of a sexual nature by a person to another person or persons, but only when:

- (1) Submission to or rejection of such conduct is made either implicitly or explicitly a condition of a person's employment or a basis for employment decisions affecting a person; or
- (2) Such conduct has the purpose or effect of unreasonably interfering with an "employee's" work performance or creating an intimidating, hostile, or offensive work environment for your "employees".

j. "Spouse" means a legal husband or wife.

k. "Violent incident" is limited to a catastrophic event that:

- (1) Is caused by an intentional criminal act or a series of related intentional criminal acts; and
- (2) Results in two or more persons, not including the perpetrator(s), sustaining "serious bodily injury" or being held in a "hostage situation".

It does not include "disruptive behavior".

A "violent incident" starts when the first act or series of acts begins. It ends when the act is concluded, when the last in a series of acts is concluded or when the premises have been secured by proper civil authority, whichever is earliest.

l. "Wage loss" means loss of actual gross income, but only to the extent that such income was being paid on the date that "serious bodily injury" caused by a "violent incident" occurred. "Wage loss" does not include potential income that may have been received from overtime hours, on-call pay or similar types of compensation. "Wage loss" also does not include compensation for paid sick leave, short-term disability days, long-term disability days or family leave that was used as a result of the "serious bodily injury".

m. "Wages" means compensation you pay an "employee", including the cost of health, welfare and pension benefits.

D. For the purposes of this endorsement, Paragraph H. Other Insurance in Section III – COMMON POLICY CONDITIONS (APPLICABLE TO SECTION I – PROPERTY

AND SECTION II – LIABILITY) does not apply to this endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ABUSE OR MOLESTATION LIABILITY AND MEDICAL EXPENSES COVERAGE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

Except to the extent that insurance is provided by this Abuse Or Molestation Liability and Medical Expenses endorsement, the policy to which this endorsement is attached does not apply to nor do we have any duty to defend any claim or "suit" seeking damages based on, attributable to, or arising out of any actual or alleged act of "abuse or molestation".

The word "insured" means any person or organization qualifying as an insured. Refer to **C. WHO IS AN INSURED.**

For the purposes of the coverage provided by this endorsement, **SECTION II – LIABILITY** is amended as follows:

A. The following are added to **A. Coverages** in **SECTION II - LIABILITY:**

1. Abuse Or Molestation Liability

a. We will pay those sums that any insured becomes legally obligated to pay as damages because of injury arising out of an act of "abuse or molestation" to which this insurance applies.

b. We will have the right and duty to defend any insured against any "suit" seeking those damages for "abuse or molestation". However, we will have no duty to defend the insured against any "suit" seeking damages for "abuse or molestation" to which this insurance does not apply. We may, at our discretion, investigate any act of "abuse or molestation" and settle any claim or "suit" that may result. But:

(1) The amount we will pay under this Abuse Or Molestation Liability coverage for damages is limited. Refer to **D. Liability And Medical Expenses Limits Of Insurance** of this endorsement; and

(2) Our right and duty to defend ends when we have used up the applicable Limit of Insurance in the payment of judgments or settlements under Abuse Or Molestation Liability coverage or

Abuse Or Molestation Medical Expenses coverage.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for in **g. Coverage Extension – Supplementary Payments.**

c. This insurance applies to injury only if:

(1) The injury is caused by an act of "abuse or molestation" that takes place in the "coverage territory";

(2) The act of "abuse or molestation" occurs during the policy period; and

(3) Prior to the policy period, no insured listed in **C. Who Is An Insured** of this endorsement and no "employee" authorized by you to give or receive notice of an injury or claim knew that the "abuse or molestation" had occurred, in whole or in part.

If such a listed insured or authorized "employee" knew, prior to the policy period, that the "abuse or molestation" occurred, then any continuation, change, or resumption of such "abuse or molestation" during or after the policy period will be deemed to have been known prior to the policy period.

d. "Abuse or molestation" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed in **C. Who Is An Insured** of this endorsement

or any "employee" authorized by you to give or receive notice of an injury or claim, includes any continuation, change, or resumption of that "abuse or molestation" after the end of the policy period.

e. "Abuse or molestation" will be deemed to have been known to have occurred at the earliest time when any insured listed in **C. Who Is An Insured** of this endorsement or any "employee" authorized by you to give or receive notice of an injury or claim:

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

f. Damages because of "abuse or molestation" include damages claimed by any person or organization for care, loss of services, or death resulting at any time from the "abuse or molestation".

g. Coverage Extension – Supplementary Payments

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

- (1) All expenses we incur.
- (2) The cost of bonds to release attachments, but only for bond amounts within our Limit of Insurance. We do not have to furnish these bonds.
- (3) All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
- (4) All court costs taxed against any insured in the "suit". However, these payments do not include attorneys' fees or attorney's expenses taxed against the insured.
- (5) Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance, we will not pay any prejudgment

interest based on that period of time after the offer.

- (6) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit of Insurance.

These payments will not reduce the Limit of Insurance under this Abuse or Molestation Liability and Medical Expense coverage.

2. Abuse Or Molestation Medical Expenses

a. We will pay medical expenses because of injury arising out of any act of "abuse or molestation" to which this insurance applies provided that:

- (1) The act or alleged act of "abuse or molestation" takes place in the "coverage territory", during the policy period.
- (2) The expenses are incurred and reported to us within three years of the date of the injury; and
- (3) The injured person submits to examination, at our expense, by health care professionals of our choice as often as we reasonably require.

b. We will make these payments regardless of fault. These payments will not exceed our Limit of Insurance. Refer to **D. Liability And Medical Expenses Limits Of Insurance** of this endorsement.

We will pay reasonable expenses for necessary professional services for treatment of injury resulting from "abuse or molestation".

B. For the purposes of this endorsement, the following are added to **B. Exclusions** in **SECTION II – LIABILITY**:

1. Applicable To Abuse Or Molestation Liability

This insurance does not apply to:

a. Intentional Act

Any person who personally participated in any act of "abuse or molestation".

b. Defense

The cost of defense of, or the cost of paying any fines for, any person resulting from actual or alleged violation of any penal or criminal statute.

c. Sex Discrimination

Any claim or injury based on, attributed to, or arising out of sex discrimination.

d. Contractual Liability

Any claim or injury based on, attributed to, or arising out of any breach or alleged breach for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the claim or injury occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorneys' fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of any claim or injury, provided:
 - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
 - (b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

e. Workers' Compensation And Similar Laws

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

f. Employer's Liability

Any claim or injury based on, attributed to, or arising out of injury to:

- (1) An "employee" or co-"employee" of the insured arising out of and in the course of employment by the insured; or
- (2) The spouse, child, parent, brother, or sister of that "employee" as a consequence of (1) above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or

repay someone else who must pay damages because of the injury.

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

g. Employment

Any claim or injury based on, attributable to, or arising out of any:

- (1) Refusal to employ;
- (2) Termination of employment;
- (3) Coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination, sexual abuse, or other employment-related practices, policies, acts, errors, or omissions; or
- (4) Consequential damages as a result of **g.(1)**, **g.(2)**, or **g.(3)** above.

This exclusion applies where any insured is liable either as an employer or in any other capacity; or there is an obligation to fully or partially reimburse a third party for damages arising out of **g.(1)**, **g.(2)**, **g.(3)**, or **g.(4)** above.

h. Aircraft, Auto, Unmanned Aircraft, Or Watercraft

Any claim or injury based on, attributable to, or arising out of the ownership, maintenance, use, or entrustment to others of any aircraft, "auto", "unmanned aircraft", or watercraft.

i. Punitive Damages

Any exemplary or punitive damages or multiplied amounts of compensatory or other damages.

j. Violation Of Law

Any claim or injury based on, attributable to, or arising out of any actual or alleged violation of a penal statute, regulation, or ordinance committed by or with the knowledge or consent of any insured.

2. Applicable To Abuse Or Molestation Medical Expenses

We will not pay medical expenses for injury which is excluded under **B.1. Applicable To Abuse Or Molestation Liability** of this endorsement.

- C.** For the purposes of this endorsement, the following are added to paragraph **2.** in **C. Who Is An Insured** in **SECTION II - LIABILITY**:

1. Any organization controlled by you is an insured, except that:
 - a. No organization is an insured if other similar insurance is available to that organization.
 - b. No organization is an insured for any act of "abuse or molestation" committed before you acquired control of the organization.
 - c. No college, school, or church congregation is an insured unless the college, school, or church congregation:
 - (1) Is shown in the Declarations as the First Named Insured; or
 - (2) Is named as an Additional Insured.
2. The clergy, "executive officers", directors, trustees, officials, elders, deacons, vestry members, council members, members of your board of education, and "employees" of you and an organization controlled by you is also an insured, but only with respect to their duties as such and while performing duties related to the conduct of your business.

However, no person is an insured for:

- a. Conduct resulting in injury to an "employee" while that "employee" is either in the course of his or her employment or performing duties related to the conduct of your business;
 - b. Injury to the spouse, child, parent, brother, or sister of that "employee"; or
 - c. Duties performed for a college, school, or church listed in 1.c. above.
3. Persons who are your members or "volunteer workers" for you or an organization controlled by you is an insured, but only while acting at your direction and within the scope of their duties for you.

However, none of these members or volunteers is an insured for:

- a. Conduct resulting in injury to an "employee" while that "employee" is either in the course of his or her employment or performing duties related to the conduct of your business;
- b. Injury to the spouse, child, parent, brother, or sister of that "employee".
- c. Duties performed for a college, school, or church listed in 1.c. above.

No person is an insured under Abuse Or Molestation Liability and Medical Expenses coverage if they personally participated in the act of "abuse or molestation".

- D. For the purposes of this endorsement, the following is added to **D. Liability And Medical Expenses Limits Of Insurance** in **SECTION II - LIABILITY**:

1. For the purposes of the Limits of Insurance, the term "one claim" means the following:

Regardless of the number of acts of "abuse or molestation", period of time over which such acts occur, number of policies (whether concurrent or consecutive) issued by us during which such acts occur, or the number of persons acted upon, all injuries arising out of all acts of "abuse or molestation" by the same person, or by two or more persons acting together, will be considered "one claim".

2. Subject to 1. above, the Abuse Or Molestation Liability Each Claim Limit is the most we will pay for the sum of all damages under Abuse Or Molestation Liability because of all injuries to all persons arising out of "one claim".

All acts of "abuse or molestation" are deemed to have occurred at the time the first act occurred during the term of an in-force policy issued by us for purposes of determining the Abuse Or Molestation Liability Each Claim Limit.

If acts of "abuse or molestation" occur during the policy period of more than one policy issued by us (whether or not concurrent or consecutive), the Abuse Or Molestation Liability Each Claim Limit available is the Abuse Or Molestation Liability Each Claim Limit in force at the time the first act occurred during the term of a policy issued by us and in effect at the time the first act occurred.

3. Subject to 2. above, the Abuse Or Molestation Liability Aggregate Limit is the most we will pay for the sum of all damages from all claims under Abuse Or Molestation Liability Coverage because of all injuries to all persons arising out of all acts of "abuse or molestation" by all "employees" (whether acting together or separately) regardless of the number of acts of "abuse or molestation", period of time over which such acts occur, number of policies (whether concurrent or consecutive) issued by us in which such acts occur, or the number of persons acted upon.

The Abuse Or Molestation Aggregate Limit of this endorsement 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 Abuse Or Molestation Liability Aggregate Limit of Insurance.

If acts of "abuse or molestation" by any person occur during the policy period of more than one policy issued by us (whether concurrent or consecutive), the Abuse Or Molestation Aggregate Limit of the policies cannot be stacked.

4. Subject to 1. above, the Abuse Or Molestation Medical Expenses Any One Person Limit is the most we will pay under Medical Expenses for all medical expenses because of all injury arising out of all acts of "abuse or molestation" sustained by any one person, arising out of "one claim".

All acts of "abuse or molestation" are deemed to have occurred at the time the first act occurred during the term of an in-force policy issued by us for purposes of determining the Abuse Or Molestation Medical Expenses Any One Person Limit.

If acts of "abuse or molestation" occur during the policy period of more than one policy issued by us (whether or not concurrent or consecutive), the Abuse Or Molestation Medical Expenses Any One Person Limit available is the Abuse Or Molestation Medical Expenses Any One Person Limit in force at the time the first act occurred during the term of a policy issued by us and in effect at the time the first act occurred.

5. Subject to 4. above, the Abuse Or Molestation Medical Expenses Aggregate Limit is the most we will pay for the sum of all medical expenses under Abuse Or Molestation Medical Expenses for the term of the policy.

If acts of "abuse or molestation" occur during the policy period of more than one policy issued by us (whether or not concurrent or consecutive), the Abuse Or Molestation Medical Expenses Aggregate Limit available is the Abuse Or Molestation Medical Expenses Aggregate Limit in force at the time the first act occurred during the term of a policy issued by us and in effect at the time the first act occurred, and the Abuse Or Molestation Medical Expenses Aggregate Limit of the policies cannot be stacked.

- E. For the purposes of this endorsement, **Liability And Medical Expenses General Conditions** under **SECTION II – LIABILITY** is amended as follows:

1. Paragraph 2. **Duties In the Event Of Occurrence, Offense, Claim Or Suit** is removed and replaced by the following:

Duties In The Event Of Occurrence, Offense, Claim, Or Suit Or Becoming Aware Of Any Act Of Abuse Or Molestation

- a. You must notify us within 60 days of your becoming aware of any actual or alleged act of "abuse or molestation" which may result in a claim. To the extent possible, notice should include:

- (1) How, when, and where the act of "abuse or molestation" took place; and
- (2) The names and addresses of any injured persons and witnesses; and

- b. If a claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as possible.

- c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses, or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

2. The following is added to Paragraph E. **Liability And Medical Expenses General Conditions**:

Representations

By accepting the policy, you agree:

- a. The statements in the Declarations are accurate and complete;

- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representation.

Misrepresentation of any material fact may be grounds for the rescission of this Policy.

F. For the purposes of this endorsement, the following definitions are added to F. Liability And Medical Expenses Definitions in SECTION II - LIABILITY:

- 1. "Abuse or molestation" means actual, attempted, alleged or threatened abuse or molestation of any person by another person while the person is in the care, custody or control of any insured. This includes physical abuse, sexual assault, sexual injury, sexual misconduct or sexual molestation. However, abuse or molestation does not include "sexual harassment".
- 2. "Sexual harassment" means any actual, attempted or alleged unwelcome sexual advances, requests for sexual favors or other conduct of a sexual nature by a person to another person or persons.
- 3. "Unmanned aircraft" means an aircraft that is not:
 - a. Designed;
 - b. Manufactured;
 - c. Modified after manufacture;
 to be controlled directly by a person from within or on the aircraft.

G. For the purposes of this endorsement, the following definition is removed and replaced in F. Liability And Medical Expenses Definitions in SECTION II – LIABILITY:

- 18. "Suit" means a civil proceeding in which damages caused by "abuse or molestation" to which this insurance applies are alleged. "Suit" includes:
 - a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
 - b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

H. For the purposes of this endorsement, the following are amended in SECTION III – COMMON POLICY CONDITIONS (APPLICABLE TO SECTION I – PROPERTY AND SECTION II – LIABILITY):

- 1. Paragraph H. **Other Insurance** is removed and replaced by the following:

Other Insurance

- a. If other valid and collectible insurance is available to the insured for a loss we cover under this endorsement our obligations are limited as follows:

(1) Primary Insurance

This insurance is primary except when (2) below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then we will share with all that other insurance by the method described in (3) below.

(2) Excess Insurance

- (a) This insurance is excess over any of the other insurance, whether primary, excess, or contingent.
- (b) This insurance is excess over any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured by attachment of an endorsement.
- (c) When this insurance is excess, we will have no duty under this endorsement to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of loss, if any, that exceeds the sum of:

- 1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- 2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not

bought specifically to apply in excess of the Limits of Insurance shown in the Declarations.

(3) Method Of Sharing

(a) If all 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.

(b) 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.

2. For the purposes of this endorsement, the following is added to **K. Transfer Of Rights Of Recovery Against Others To Us:**

Applicable to Abuse Or Molestation Liability Coverage:

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

HIRED AUTO AND NON-OWNED AUTO LIABILITY AND MEDICAL EXPENSES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

For the purposes of the coverage provided by this endorsement, **SECTION II – LIABILITY** is amended as follows:

A. The following are added to 1. Business Liability in A. Coverages in SECTION II – LIABILITY:

1. Hired Auto Liability

The insurance provided applies to “bodily injury” or “property damage” arising out of the maintenance or use of a “hired auto” by you or your “employees” in the course of your business.

2. Non-owned Auto Liability

The insurance provided applies to “bodily injury” or “property damage” arising out of the use of any “non-owned auto” in your business by any person.

B. For the purposes of this endorsement, the following is added to 2. Medical Expenses in A. Coverages in SECTION II – LIABILITY:

Hired Auto and Non-owned Auto Medical Expenses

We will pay medical expenses as described below for “bodily injury” to an insured caused by an accident involving a “hired auto” or “non-owned auto” provided that:

1. The accident takes place in the “coverage territory” and during the policy period;
2. The expenses are incurred and reported to us within three years of the date of the accident; and
3. The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

C. For the purposes of this endorsement, the following is added to paragraph A. Coverages in SECTION II – LIABILITY:

Rental Auto Physical Damage

With respect to the “incidental” rental of a “hired auto”, we will pay for “property damage” to that “hired auto” due to a “comprehensive loss” or a

“collision loss”. We will also pay for “loss of use 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.

D. For the purposes of this endorsement, the exclusions under Paragraph B.1. Applicable To Business Liability Coverage in SECTION II – LIABILITY, other than Exclusions a., d., f., and i., are removed and replaced by the following:

1. "Bodily Injury"

- a. To an "employee" 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. To the spouse, child, parent, brother or sister of that "employee" 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 injury.

This exclusion does not apply to:

- a. Liability assumed by the insured under an "insured contract"; or
- b. "Bodily injury" arising out of and in the course of domestic employment by the insured unless benefits for such injury are in whole or in part either payable or required to be provided under any workers' compensation law.

2. "Property Damage"

- a. To property owned or being transported by, or rented or loaned to the insured; or
- b. To property in the care, custody or control of the insured or as to which the

insured is for any purpose exercising physical control.

- c. Physical damage to the "hired auto", "non-owned auto" or the rental auto.

3. Contractual Liability

With respect to an "incidental" rental "hired auto", "bodily injury" or "property damage" for which the insured is obligated to pay damages, by reason of the assumption of the tort liability of another to a third party or organization, in a written contract or agreement.

But, this exclusion does not apply to that part of any written contract or agreement entered into by you pertaining to the rental or lease of the "auto" if the written contract or agreement:

- a. Is made prior to the "bodily injury" or "property damage", and
- b. Pertains to the loan, lease or rental of the "auto" without a driver, and
- c. If the written contract or agreement:
 - (1) Does not indemnify or hold a person or organization engaged in the business of transporting persons or property by "auto" for hire harmless for your use of a covered "auto" over a route or territory that person or organization is authorized or is required to be authorized to serve by public authority; or
 - (2) Does not provide coverage to a third person or organization for its own negligence regarding manufacture or maintenance of the vehicle or any component part thereof.

4. 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 "hired auto" or "non-owned 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 "hired auto" or "non-owned 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 "hired auto" or "non-owned auto"; or

- c. After the "pollutants" or any property in which the "pollutants" are contained are moved from the covered "hired auto" or "non-owned 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 "hired auto" or "non-owned auto" or its parts, if 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".

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 "hired auto" or "non-owned auto" if:

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

- d. Any loss, cost or expense arising out of any:
 - (1) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
 - (2) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or

assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement or such claim or "suit" by or on behalf of a governmental authority.

5. Abuse or Molestation

"Bodily injury" or "property damage" arising out of any actual or alleged act of "abuse or molestation". This includes, but is not limited to any claim or suit seeking damages based upon, arising out of, or attributable to vicarious liability; negligence in hiring, employment, supervision, retention, or transfer of any "employee" or "volunteer workers"; recommendation or referral of any person for employment or volunteer work; failure to protect or negligent supervision of any person (whether an adult or child) failure to warn, failure to investigate, or failure to comply with any obligation to report; and counseling.

- E. For the purposes of this endorsement, the exclusions under Paragraph **B.2. Applicable To Medical Expenses Coverage** are removed and replaced with the following:

Applicable To Medical Expenses Coverage

We will not pay medical expenses for injury which is excluded under **B.1. Applicable to Business Liability Coverage** as amended in this endorsement.

- F. For the purposes of this endorsement, the following is added to **B. Exclusions** in **SECTION II - LIABILITY**:

Applicable To Rental Auto Physical Damage Coverage

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

1. Nuclear Hazard

- a. The explosion of any weapon employing atomic fission or fusion; or
- b. Nuclear reaction or radiation, or radioactive contamination, however caused.

2. War And Military Action

- 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.

3. Racing Or Demolition

We will not pay for "property damage" to any "hired 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 "property damage" to any "hired auto" while that "hired auto" is being prepared for such a contest or activity.

4. Other Exclusions

- a. We will not pay for "property damage" to any of the following:

- (1) Tapes, records, discs or other similar audio, visual or data electronic devices designed for use with audio, visual or data electronic equipment.

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

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

- (4) Any accessories used with the electronic equipment described in paragraph (3) above.

- b. We will not pay for "property damage" caused by or resulting from any of the following unless caused by other "property damage" that is covered by this insurance.

- (1) Wear and tear, freezing, mechanical or electrical breakdown.

- (2) Blowouts, punctures or other road damage to tires.

- c. We will not pay for "property damage" to a "hired auto" owned by a person or organization engaged in the business of transporting persons or property by "automobiles" for hire over a route or

territory that person or organization is authorized to serve by public authority.

G. For purposes of this endorsement, C. Who Is An Insured in SECTION II – LIABILITY is removed and replaced by the following:

1. Each of the following is an insured under this endorsement to the extent set forth below:

- a. You;
- b. Any other person using a "hired auto" with your permission;
- c. For a "non-owned auto":
 - (1) Any partner or "executive officer" of yours; or
 - (2) Any "employee" of yours; but only while such "non-owned auto" is being used in your business; or
 - (3) Any other person using a "non-owned auto" with your permission; but only while such "non-owned auto" is being used in your business; and
- d. Any other person or organization, but only for their liability because of acts or omissions of an insured under a., b. or c. above.
- e. Any person while "occupying" a "hired auto" or "non-owned auto" is an insured but only with respect to the Hired Auto and Non-owned Auto Medical Expenses coverage provided by this endorsement.
- f. Any person while "occupying", or as a pedestrian when struck by, a motor vehicle designed for use mainly on public roads or a trailer of any type but only with respect to the Hired Auto and Non-owned Auto Medical Expenses coverage provided by this endorsement.

2. None of the following is an insured:

- a. Any person engaged in the business of his or her employer for "bodily injury" to any co-"employee" of such person injured in the course of employment, or to the spouse, child, parent, brother or sister of that co-"employee" as a consequence of such "bodily injury", or for any obligation to share damages with or repay someone else who must pay damages because of the injury;
- b. Any partner or "executive officer" for any "auto" owned by such partner or officer or a member of his or her household;
- c. Any person while employed in or otherwise engaged in duties in

connection with an "auto business", other than an "auto business" you operate;

- d. The owner or lessee (of whom you are a sub lessee) of a "hired auto" or the owner of a "non-owned auto" or any agent or "employee" of any such owner or lessee; or
- e. Any person or organization for the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

H. For the purposes of this endorsement, D. Liability And Medical Expenses Limits Of Insurance in SECTION II – LIABILITY is removed and replaced by the following:

Liability, Medical Expenses And Physical Damage Limits Of Insurance

- 1. The Hired and Non-owned Auto Liability Aggregate Limit is the most we will pay for the sum of all damages under Hired Auto Liability and Non-owned Auto Liability.
- 2. Subject to 1. above, the Hired and Non-owned Auto Liability Per Occurrence Limit is the most we will pay for the sum of damages under Hired Auto Liability and Non-owned Auto Liability because of all "bodily injury" and "property damage" arising out of any one "occurrence".
- 3. The Hired Auto and Non-owned Auto Medical Expense Aggregate Limit of Insurance is the most we will pay for the sum of all medical expenses under Medical Expenses coverage.
- 4. Subject to 3. above, the Hired Auto and Non-owned Auto Medical Expense Per Person Limit is the most we will pay under Hired Auto and Non-owned Auto Medical Expenses coverage for all medical expenses because of "bodily injury" sustained by any one person.
- 5. The most we will pay for "property damage" to any one "incidental" rental "hired auto" in any one accident is the lesser of:
 - a. The actual cash value of the damaged or stolen "hired auto" as of the time of the "property damage";
 - b. The cost of repairing or replacing the damaged or stolen "hired auto" with another automobile of comparable kind and quality; or
 - c. The Rental Auto Physical Damage Limit shown in the Declarations, for "property

damage” that arises out of any one “occurrence”.

The Rental Auto Physical Damage deductible for each “incidental” rental “hired auto”, our obligation to pay for, repair, return or replace damaged or stolen property will be reduced by a \$250 deductible for each covered “auto”. Any Comprehensive Coverage deductible does not apply to “property damage” caused by fire or lightning.

- I. For the purposes of this endorsement, the following is added to paragraph **2. Duties In The Event Of Occurrence, Offense, Claim Or Suit** in **E. Liability And Medical Expenses General Conditions** in **SECTION II – LIABILITY**:

If there is “property damage” to an “incidental” rental “hired auto”, you must also do the following:

1. Promptly notify the police if the covered “hired auto” or any of its equipment is stolen.
2. Take all reasonable steps to protect the covered “hired 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 “hired auto” and records proving the “property damage” before its repair or disposition.
4. Agree to examinations under oath at our request and give us a signed statement of your answers.

- J. For the purposes of this endorsement, the following are added to Paragraph **E. Liability And Medical Expenses General Conditions** in **SECTION II – LIABILITY**:

1. Representations

By accepting the policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representation.

Misrepresentation of any material fact may be grounds for the rescission of this Policy.

2. Loss Conditions Applicable To Rental Auto Physical Damage

a. Appraisal

If you and we disagree on the amount of the “property damage”, either may demand an appraisal of the “property damage”. In this event, each party will select a competent and impartial

appraiser. The two appraisers will select a competent, impartial umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the actual cash value and amount of “property damage”. 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:

- (1) Pay its chosen appraiser; and
- (2) 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.

b. Loss Payment

At our option we may:

- (1) Pay for, repair or replace damaged or stolen property;
- (2) Return the stolen property, at our expense. We will pay for any damage that results to the “hired auto” from the theft; or
- (3) Take all or any part of the damaged or stolen property at an agreed or appraised value.

c. No Benefit To Bailee Applicable To Rental Auto Physical Damage

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 endorsement.

- K. For the purposes of this endorsement, **F. Liability And Medical Expenses Definitions** in **SECTION II – LIABILITY** is amended as follows:

1. For the purposes of this endorsement, **F. Liability And Medical Expenses Definitions** title is removed and replaced by **F. Liability, Medical Expenses And Physical Damage Definitions**.

2. The following definitions are added:

- a. “Abuse or molestation” means actual, attempted, alleged or threatened abuse or molestation of any person by another person while the person is in the care, custody or control of any insured. This includes physical abuse, sexual assault, sexual injury, sexual misconduct or sexual molestation. However, abuse or molestation does not include “sexual harassment”.

- b. "Auto business" means the business or occupation of selling, repairing, servicing, storing or parking "autos".
- c. "Hired auto" means any "auto" you lease, hire, rent or borrow. This does not include any "auto" you lease, hire, rent or borrow from any of your "employees", your "volunteer workers", your partners or your "executive officers" or members of their households.
- d. "Collision loss" means "property damage" to a "hired auto" caused by:
 - (1) The "hired auto's" collision with another object;
 - (2) The "hired auto's" overturn; or
 - (3) Glass breakage caused by a. or b. above.
- e. "Comprehensive loss" means "property damage" to a "hired auto" from any cause except:
 - (1) The "hired auto's" collision with another object; or
 - (2) The "hired auto's" overturn.
 Comprehensive loss also includes:
 - (1) Hitting a bird or animal; and
 - (2) Falling objects or missiles.
- f. "Incidental" means a "hired auto" used or rented for a consecutive period of six months or less under a written contract or agreement.
- g. "Loss of use expenses" means reasonable and customary charges imposed by the rental car company for the period of time the car is being repaired that are substantiated by a fleet utilization log. "Loss of use expenses" include administrative fees.
- h. "Non-owned auto" means any "auto" you do not own, lease, hire, rent or borrow which is used in connection with your business. This includes "autos" owned by your "employees", your "volunteer workers", your partners or your "executive offers", or members of their households, but only while used in your business or your personal affairs.
- i. "Occupying" means in, upon, getting in, on, out, or off.
- j. "Sexual harassment" means any actual, attempted or alleged unwelcome sexual advances, requests for sexual favors or other conduct of a sexual nature by a

person to another person or persons, but only when:

- a. Submission to or rejection of such conduct is made either implicitly or explicitly a condition of a person's employment or a basis for employment decisions affecting a person; or
- b. Such conduct has the purpose or effect of unreasonably interfering with an "employee's" work performance or creating an intimidating, hostile, or offensive work environment for your "employees".

- 3. The following definition is removed and replaced:

"Coverage territory" means the United States of America (including its territories and possessions), Puerto Rico, and Canada.

- L. For the purposes of this endorsement, **H. Other Insurance** in **SECTION III – COMMON POLICY CONDITIONS** is removed and replaced by the following:

This insurance is excess over any primary insurance covering the "hired auto" or "non-owned auto".

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE

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

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

For the purposes of the coverage provided by this endorsement, **SECTION II – LIABILITY** is amended as follows:

A. The following is added to A. Coverages in SECTION II - LIABILITY:

Employment-related Practices Liability

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 paragraph **D.1. Employment-related Practices Liability Annual Aggregate Limit Of Insurance** and paragraph **D.2. Deductible** of this endorsement; and
- b. The coverage and duty to defend provided by this endorsement 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. The "wrongful act" did not commence before the Retroactive Date, if any, shown in the Declarations, or after the end of the policy period; and
 - c. A "claim" against any insured for damages because of the "wrongful act" is first made during the policy period, or an Extended Reporting Period provided under paragraph **F.** of this endorsement, 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:
- a. When notice of such "claim" after being received by any insured is reported to us in writing; or
 - b. 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 have been 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 paragraph **F. Duties In The Event Of A Claim Or Wrongful Act That May Result In A Claim** of this endorsement. 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.

6. Coverage Extension – Supplementary Payments

If we defend, we will pay, with respect to any claim or "suit" we defend:

- a. 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.
- b. All interest on our portion 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.

- B. For the purposes of the coverage provided by this endorsement, the following are added to 1. Applicable To Business Liability Coverage in B. Exclusions in SECTION II - LIABILITY:**

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. of this endorsement, 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.

3. Violation Of Laws Applicable To Employers

Any claim based on, attributable to, or arising out of:

- a. The Employee Retirement Income Security Act of 1974, Public Law 93-406, and any amendments to that law; or
- b. Any state, local, common, or federal law that is similar to Public Law 93-406.
- c. 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, 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 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.

4. 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.

5. 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".

6. 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.

7. "Abuse Or Molestation" And "Counseling Incident"

Any claim based on, attributable to, or arising out of:

- a. Any actual or alleged act of "abuse or molestation". This includes, but is not limited to, any claim or "suit" seeking damages based upon, arising out of, or attributable to vicarious liability; negligence in hiring, employment, supervision, retention, or transfer of any "employee" or "volunteer workers"; recommendation or referral of any person for employment or volunteer work; failure to protect or negligent supervision of any person (whether an adult or child) failure to warn, failure to investigate, or failure to comply with any obligation to report; and counseling.
- b. A "counseling incident".

8. "Bodily injury" or "property damage"

Any claim based on, attributable to, or arising out of any "bodily injury" or "property damage".

- 9. Fines, taxes, penalties, nonmonetary damages, injunctive relief, or declaratory relief.

C. For the purposes of the coverage provided by this endorsement, the following are added to paragraph 2. in C. Who Is An Insured in SECTION II – LIABILITY:

- 1. Your "employees", unless otherwise excluded in this endorsement.
- 2. Your former "employees", unless otherwise excluded in this endorsement, but only with respect to "wrongful acts" committed while in your employ.
- 3. Any organization that you newly acquire or form, other than a partnership or joint venture, and over which you maintain ownership or majority interest are insureds if they have no other similar insurance available to them. For such organization, its past, present, or future directors, officers, trustees, "employees", clergy, wardens, deacons, elders, or

members of duly elected, appointed, or constituted governing bodies.

However:

- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier.
- b. Neither the organization nor its insured persons is an insured for any injury or "wrongful act" that occurred before you acquired or formed the organization.

D. For the purposes of the coverage provided by this endorsement, Paragraph D. Liability And Medical Expenses Limits Of Insurance in SECTION II – LIABILITY is removed and replaced by the following:

1. Employment-related Practices Liability Annual Aggregate Limit Of Insurance

- a. The Employment-related Practices Liability Annual Aggregate Limit Of Insurance shown in the Declarations is 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 Employment-related Practices Liability Annual Aggregate Limit Of Insurance shown in the Declarations is 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 Employment-related Practices Liability Annual Aggregate Limit Of Insurance 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 Employment-related Practices Liability Annual Aggregate Limit Of Insurance.

2. 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 Employment-related Practices Liability Annual Aggregate 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 act"; or
- (2) A series of "wrongful acts", 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.

E. The following are added to E. Liability And Medical Expenses General Conditions in SECTION II - LIABILITY:

1. 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.

2. Representations

By accepting this policy, you agree that:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

Misrepresentation of any material fact may be grounds for the rescission of this Policy.

3. 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:

- a. We retain the right, at our discretion, to:
 - (1) Settle, approve or disapprove the settlement of any "claim"; and
 - (2) Appeal any judgment, award or ruling at our expense.
- b. You and any other involved insured must:
 - (1) Continue to comply with paragraph F. **Duties In The Event Of A Claim Or Wrongful Act That May Result In A Claim** condition of this endorsement as well as the other provisions of this policy; and
 - (2) Direct defense counsel of the insured to:
 - (a) Furnish us with the information we request to evaluate those "suits" for coverage under this policy; and
 - (b) Cooperate with any counsel we may select to monitor or associate in the defense of those "suits".
- c. 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.

4. Transfer Of Duties When Limit Of Insurance Is Used Up

- a. If we conclude that, based on "claims" which have been reported to us and to which this insurance may apply, the Employment-related Practices Liability Annual Aggregate 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.
- b. When the Employment-related Practices Liability Annual Aggregate 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:
 - (1) 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;
 - (2) 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 preceding paragraph **4.b.(1)** and which are reported to us before that duty to defend ended; and
 - (3) 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.
- c. If the circumstances described in paragraph **4.b.(1)** have occurred, the first Named Insured, and any other insured involved in a "suit" seeking damages subject to that limit, must:
 - (1) Cooperate in the transfer of control of "suits"; and
 - (2) 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.
- d. We will take no action with respect to

defense for any "claim" if such "claim" is reported to us after the Employment-related Practices Liability Annual Aggregate 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".

- e. 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 **4.b.**
 - f. The exhaustion of the Employment-related Practices Liability Annual Aggregate 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.
- F. For the purposes of the coverage provided by this endorsement, **E.2. Duties In The Event Of Occurrence, Offense, Claim Or Suit in SECTION II – LIABILITY** is removed and replaced by the following:
- Duties In The Event Of A Claim Or Wrongful Act That May Result In A Claim**
1. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
 - a. How, when and where the "occurrence" or offense 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" or offense.
 2. 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.
 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";
 - 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.
- 4. 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.
- 5. 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".

G. For the purposes of this coverage provided by this endorsement, the following is added to SECTION II – LIABILITY:

Extended Reporting Periods

- 1. We will provide a Basic Extended Reporting Period and you will have the right to purchase a Supplemental Extended Reporting Period from us if:
 - a. This endorsement is cancelled or not renewed for any reason; or
 - b. We renew or replace this endorsement with insurance that:
 - (1) Has a Retroactive Date later than the date shown in the Declarations; or
 - (2) Does not apply to "wrongful acts" on a claims-made basis.
- 2. The Extended Reporting Periods do not extend the policy period or change the scope of the coverage provided. They apply only to "claims" to which the following applies:
 - a. The "claim" is first made during the Extended Reporting Period;
 - b. The "wrongful act" occurs before the end

- of the policy period; and
- c. The "wrongful act" did not commence before the Retroactive Date.

- 3. A Basic Extended Reporting Period is automatically provided without an additional charge. This period starts with the end of the policy period and lasts for 90 days.

Claims must be reported to us in writing not later than 90 days after the end of the policy period in accordance with paragraphs **F.1.** and **F.2.** of this endorsement.

The Basic Extended Reporting 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. A Supplemental Extended Reporting Period lasts three years and is available only for an additional premium. This period starts 90 days after the end of the policy period.

You must give us a written request for the Supplemental Extended Reporting Period within 90 days after the end of the policy period or the effective date of cancellation, whichever comes first.

The Supplemental 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 endorsement. Once in effect, the Supplemental Extended Reporting Period may not be cancelled.

- 5. We will determine the additional premium in accordance with our rules and rates. In doing so, we may take into account the following:
 - a. The exposures insured;
 - b. Previous types and amounts of insurance;
 - c. Limit of Insurance available under this endorsement for future payment of damages; and
 - d. Other related factors.

The additional premium will not exceed 200% of the annual premium for this endorsement.

- 6. When the Supplemental Extended Reporting Period is in effect, we will provide a Supplemental Limit of Insurance for any "claim" first made during the Supplemental Extended Reporting Period.

The Supplemental Limit of Insurance will be equal to the dollar amount shown in the Declarations under the Employment-related

Practices Liability Annual Aggregate Limit Of Insurance.

Paragraph **D.1.b.** of this endorsement will be amended accordingly.

7. When the Supplemental Extended Reporting Period is in effect, the provisions of this paragraph 7. supersede any other provisions of this endorsement to the contrary.

a. A Supplemental Extended Reporting Period is provided, as described in paragraph **G. Extended Reporting Periods.**

b. A Supplemental Limit of Insurance applies, as set forth in paragraph **G.7.c.** below, to "claims" first made during the Supplemental Extended Reporting Period. The limit is equal to the Employment-related Practices Liability Annual Aggregate Limit Of Insurance entered in the Declarations.

c. Paragraph **D.1.b.** of this endorsement is replaced by the following:

The Employment-related Practices Liability Annual Aggregate Limit Of Insurance shown in the Declarations is 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.

However, the Employment-related Practices Liability Annual Aggregate Limit Of Insurance does not apply to "claims" to which the Supplemental Limit Of Insurance applies.

d. The following is added to paragraph **D.1.** of this endorsement:

The Supplemental Limit Of Insurance is the most we will pay for the sum of:

- (1) All damages; and
- (2) All "defense expenses"

because of all "wrongful acts" for "claims" first made during the Supplemental Extended Reporting Period.

e. Paragraph **D.1. Employment-related Practices Liability Annual Aggregate Limit Of Insurance**, as amended by paragraphs **G.7.c.** and **G.7.d.**, is otherwise unchanged and applies in its entirety.

f. The Supplemental Extended Reporting Period will not take effect unless the additional premium for it, as set forth in

paragraph **G. Extended Reporting Periods**, is paid when due. If that premium is paid when due, the Supplemental Extended Reporting Period may not be cancelled.

- H. For the purposes of the coverage provided by this endorsement, the following are added to paragraph **F. Liability And Medical Expenses Definitions** in **SECTION II - LIABILITY**:

1. "Abuse or molestation" means actual, attempted, alleged or threatened abuse or molestation of any person by another person while the person is in the care, custody or control of any insured. This includes physical abuse, sexual assault, sexual injury, sexual misconduct or sexual molestation. However, abuse or molestation does not include "sexual harassment".

2. "Claim" means a "suit" or demand made by or for a current, former or prospective "employee" for damages because of an alleged "wrongful act".

3. "Counseling incident" means any act or omission in the furnishing of counseling services.

4. "Defense expenses" means payments allocated to a specific "claim" we investigate, settle or defend, for its investigation, settlement or defense, including:

a. Fees and salaries of attorneys and paralegals we retain, including attorneys and paralegals who are our "employees".

b. 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".

c. 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.

d. 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.

e. Costs taxed against the insured in a "suit".

"Defense expenses" does not include salaries and expenses of our "employees" or the insured's "employees" (other than those described in paragraphs **a.** and **d.** of this

definition).

5. "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.
6. "Sexual harassment" means any actual, attempted or alleged unwelcome sexual advances, requests for sexual favors or other conduct of a sexual nature by a person to another person or persons, but only when:
 - a. Submission to or rejection of such conduct is made either implicitly or explicitly a condition of a person's employment or a basis for employment decisions affecting a person; or
 - b. Such conduct has the purpose or effect of unreasonably interfering with an "employee's" work performance or creating an intimidating, hostile, or offensive work environment for your "employees".
7. "Wrongful act" means one or more of the following offenses, but only when they are employment-related:
 - a. Wrongful demotion or failure to promote, negative evaluation, reassignment, or discipline of your current "employee" or wrongful refusal to employ;
 - b. Wrongful termination, meaning the actual or constructive termination of an "employee":
 - (1) In violation or breach of applicable law or public policy; or
 - (2) Which is determined to be in violation of a contract or agreement, other than an 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;
 - c. Wrongful denial of training, wrongful deprivation of career opportunity, or breach of employment contract;
 - d. Negligent hiring or supervision which results in any of the other offenses listed in this definition;
 - e. Retaliatory action against an "employee" because the "employee" has:
 - (1) Declined to perform an illegal or

unethical act;

- (2) Filed a complaint with a governmental authority or a "suit" against you or any other insured in which damages are claimed;
 - (3) Testified against you or any other insured at a legal proceeding; or
 - (4) Notified a proper authority of any aspect of your business operation which is illegal;
 - f. Coercing an "employee" to commit an unlawful act or omission within the scope of that person's employment;
 - g. Harassment;
 - h. Employment related false arrest, wrongful detention or imprisonment, malicious prosecution, libel, slander, invasion of privacy, defamation or humiliation; or
 - i. Verbal, physical, mental or emotional abuse arising from "discrimination".
- I. If Employment-related Malicious Prosecution is shown in the declarations, then the following provisions apply:
 1. Paragraph **B.1.** of this endorsement is replaced by the following:

Criminal, Fraudulent Or Malicious Acts

An insured's liability arising out of criminal, fraudulent or malicious acts or omissions by that insured.However, this exclusion does not apply to malicious prosecution of "employees" by that insured. This exclusion does not affect our duty to defend, in accordance with paragraph **A.** of this endorsement, 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. The following is added to paragraph **H.7.** of this endorsement:
 - j. Malicious prosecution.
 - k. False arrest.
 - J. For the purposes of this coverage provided by this endorsement, **H. Other Insurance** in **SECTION III – COMMON POLICY CONDITIONS (APPLICABLE TO SECTION I – PROPERTY AND SECTION II – LIABILITY)** is removed and replaced by the following:

If other valid and collectible Business Liability insurance is available to the insured for damages and "defense expenses" we cover under the Employment-related Practices Liability

endorsement, our obligations are limited as follows:

1. Primary Insurance

This insurance is primary. When this insurance is primary, our obligations are not affected unless any other insurers' insurance is also primary. Then, we will share with all that other insurance by the method described in **3.** below.

2. Excess Insurance

This insurance is excess over any of the other insurance, whether primary, excess, contingent, or on any other basis that is effective prior to the beginning of the policy period shown in the Declarations of this insurance and applies to a "wrongful act" on other than a claims-made basis if:

- a. No Retroactive Date is shown in the Declarations of this insurance; or
- b. The other insurance has a policy period which continues after the Retroactive Date shown in the Declarations of this insurance.

When this insurance is excess, we will have no duty under this Employment-related Practices Liability Coverage to defend any claim or "suit" that any other insurer has a duty to defend. If no other insurer defends, we may elect to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the damages and "defense expenses", if any, that exceed the sum of:

- a. The total amount that all such other insurance would pay for the damages and "defense expenses" in the absence of this insurance; and
- b. The total of all deductible and self - insured amounts under all that other insurance.

We will share the remaining damages and "defense expenses", if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this policy.

3. Method of Sharing

If all 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 damages or "defense expenses" remain, 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.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following provisions are added to the Businessowners Policy and apply to Property and Liability Coverages:

A. CAP ON CERTIFIED TERRORISM LOSSES

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

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

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DIRECTORS AND OFFICERS LIABILITY COVERAGE CLAIMS MADE – DEFENSE INSIDE

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

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

For the purposes of the coverage provided by this endorsement, **SECTION II – LIABILITY** is amended as follows:

A. The following is added to Paragraph **A. Coverages:**

Directors and Officers Liability

1. We will pay those sums the insured becomes legally obligated to pay as “damages” because of a “wrongful act” to which this insurance applies. We will have the right and duty to defend the insured against any “suit” seeking “damages” because of a “wrongful act” to which this insurance applies. 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 “wrongful act” and settle any “claim” or “suit” that may result. But:

- a.** The amount we will pay for “damages” and “defense expenses” is limited as described in Paragraph **D.1. Directors and Officers Liability Annual Aggregate Limit of Insurance** and Paragraph **D.2. Deductible** of this endorsement; and
- b.** Our right and duty to defend under this endorsement ends when we have used the applicable limit of insurance in the payment of “damages” or “defense expenses”.

No other obligation or liability to pay sums, or to perform acts or services is covered unless explicitly provided for under Supplementary Payments.

2. This insurance applies to a “wrongful act” only if:

- a.** The “wrongful act” takes place in the “coverage territory”;

b. The “wrongful act” occurred on or after the Retroactive Date, if any, shown in the Declarations, and before the end of the policy period;

c. A “claim” for “damages” because of a “wrongful act” is first made during the policy period or, if applicable, an Extended Reporting Period; and

d. No insured or individual authorized by you to give or receive notice of a “wrongful act”, had prior knowledge of any “wrongful act”, fact, or circumstance from which it could reasonably be expected that a “claim” could arise.

3. A “claim” will be deemed to have been made at the earlier of the following times:

a. When notice of such “claim” after being received by any insured is reported to us in writing; or

b. 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 have been 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 Paragraph **E.2. Duties In The Event Of A Claim Or Wrongful Act That May Result In A Claim** of this endorsement. 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 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.

6. Coverage Extension – Supplementary Payments

If we defend, we will pay, with respect to any "claim" or "suit" we defend:

a. 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.

b. All interest on our portion of any judgement 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.

c. Reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the "claim", including actual loss of earning up to \$250 a day because of time off from work.

d. All costs taxed against an insured in any "suit" we defend, excluding attorney fees of the prevailing party.

These payments will not reduce the limits of insurance.

B. For the purposes of the coverage provided by this endorsement, the following is added to Paragraph B. Exclusions, Subparagraph 1. Applicable To Business Liability Coverage:

This insurance does not apply to any "claim" based on, attributable to, or arising out of:

1. Criminal, Fraudulent Or Malicious Acts

Any dishonest, criminal, fraudulent or malicious "wrongful act".

This exclusion does not affect our duty to defend, in accordance with Paragraph **A.1.** of this endorsement, 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 actual or alleged "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 if the insured would have been liable in the absence of such contract or agreement.

3. ERISA

The Employee Retirement Income Security Act of 1974 (ERISA) or any similar provisions of any federal, state, local or statutory law or common law.

4. Prior Or Pending Litigation

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

5. Prior Notice

Any "wrongful act" alleged or contained in any "claim" which has been reported, or in any circumstance of which notice has been given, under any insurance policy of which this policy is a renewal or replacement.

6. "Abuse Or Molestation" Any actual or alleged act of "abuse or molestation". This includes, but is not limited to, any "claim" or "suit" seeking "damages" for vicarious liability; negligence in hiring, employment, supervision, retention, or transfer of any "employee" or "volunteer workers"; recommendation or referral of any person for employment or volunteer work; failure to protect or negligent supervision of any person (whether an adult or child), failure to warn, failure to investigate, or failure to comply with any obligation to report;

7. "Bodily Injury", "Property Damage", or "Personal and Advertising Injury"

Any actual or alleged "bodily injury", including mental or emotional distress; "property damage"; or "personal and advertising injury".

8. Illegal Profit

Any profit, advantage or remuneration to which the insured is not legally entitled.

9. Benefit Liability

Failure to effect or maintain any insurance or bonds.

10. Internal

Any "wrongful act" committed or allegedly committed against any insured by another insured.

11. Fines or Penalties

Any criminal or civil fines or penalties imposed by law

12. Non-Monetary

Any expenses incurred by the insured to comply with an order of injunctive or non-monetary relief, including any agreement to provide such relief.

13. Employment Related Practices

Any actual or alleged employment related "wrongful act" for:

- a. Wrongful demotion or failure to promote, negative evaluation, reassignment, discipline, or wrongful refusal to employ;
- b. Wrongful termination of an "employee" in violation or breach of applicable law or public policy; or which is determined to be in violation of an employment contract or agreement, whether written, oral or implied;
- c. Denial of training or wrongful deprivation of career opportunity, or breach of employment contract;
- d. Retaliatory action against an "employee" because the "employee" has:
 - (1) Declined to perform an illegal or unethical act
 - (2) Filed a complaint with a governmental authority or a "suit" against you or any other insured in which "damages" are claimed;
 - (3) Testified against you or any other insured at a legal proceeding; or
 - (4) Notified a proper authority of any aspect of your business operation which is illegal;
- e. Coercing an "employee" to commit an unlawful act or omission within the scope of that person's employment;
- f. Harassment;
- g. False arrest, wrongful detention or imprisonment, malicious prosecution, libel, slander, invasion of privacy, defamation or humiliation; or

h. Verbal, physical, mental or emotional abuse arising from "discrimination".

i. Negligent hiring or supervision which results in any of the other offenses listed in this exclusion.

14. Regulatory or Administrative Agency

Any administrative proceeding, "suit", action, or hearing brought by or on behalf of any regulatory or administrative agency, including, but not limited to, any right the agency may have as a receiver, conservator, liquidator, or otherwise.

15. Property Title

Any "suit" involving title to any real property.

16. Religious Law

Any "suit" pertaining to religious, doctrinal, or philosophical teachings, beliefs, practices, or policies.

17. Securities

The purchase or sale of, the offer to purchase or sell, or solicitation of any offer to purchase or sell, any securities as defined under the Securities Exchange Act of 1934 and any subsequent amendments thereto, or similar provisions of any state, municipal, or local statute, regulation or ordinance.

18. Violation of Civil Rights

Any actual or alleged violation of any state or federal civil rights law, or any similar state or local code, regulation, or ordinance.

19. Other Entity

Any actual or alleged "wrongful act" committed by any insured serving in any position or capacity in any organization other than the Named Insured even if the Named Insured directed or requested that insured to serve in such other position or capacity.

20. Counseling

Any actual or alleged act or omission in the furnishing of advisory or counseling services.

21. Professional Services

Any actual or alleged "wrongful act" for the rendering or failure to render any medical, health, cosmetic, legal, dental, or similar professional services by a trained or licensed professional.

22. Affiliated Entity

Any actual or alleged "affiliated entity dispute".

- C. For the purposes of the coverage provided by this endorsement, Paragraph **C. Who Is An Insured** is removed and replaced by the following:

Each of the following is an insured:

1. You;
2. Your "Directors, Officers, and Trustees" but only with respect to their duties as such;
3. The lawful spouse of any of your "Directors, Officers, and Trustees", solely because of:
 - a. Such spousal status; or
 - b. Such spouse's interest in property or assets that are sought as recovery for the "wrongful act" committed or allegedly committed by any of your "Directors, Officers, and Trustees";
4. You are an insured with respect to "claims" for which you are permitted or required by law to indemnify your "Directors, Officers, and Trustees".

- D. For the purposes of the coverage provided by this endorsement, Paragraph **D. Liability And Medical Expenses Limits Of Insurance** is removed and replaced by the following:

1. Directors and Officers Liability Annual Aggregate Limit of Insurance

- a. The Directors and Officers Liability Annual Aggregate Limit Of Insurance shown in the Declarations is the most we will pay, regardless of the number of:

- (1) Insureds;
- (2) "Claims" made or "suits" brought; or
- (3) Persons or organizations making "claims" or bringing "suits".

- b. The Directors and Officers Liability Annual Aggregate Limit Of Insurance shown in the Declarations is 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 Directors and Officers Liability Annual Aggregate Limit Of Insurance 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 Directors and Officers Liability Annual Aggregate Limit Of Insurance.

2. 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 Directors and Officers Liability Annual Aggregate 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 act"; or
- (2) A series of "wrongful acts", circumstances or behaviors which arise from a common cause regardless of the number of persons or organizations making such "claims".

- c. We may pay any part or all 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.

E. For the purposes of the coverage provided by this endorsement, the following are added to Paragraph E. **Liability And Medical Expenses General Conditions:**

1. 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.

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

a. If a "claim" is received by any insured, you must:

- (1) Immediately record the specifics of the "claim" and the date received; and
- (2) Notify us, in writing, as soon as practicable.

b. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "claim";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation or settlement of the "claim" or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of a "wrongful act" to which this insurance may also apply.

c. 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.

d. If, during the policy period, you become aware of a "wrongful act" that may reasonably be expected to give rise to a "claim" and give written notice to us of:

- (1) A description of the "wrongful act", including all relevant dates;
- (2) The names of the persons involved in the "wrongful act", including names of the potential claimants;
- (3) Particulars as to the reasons why you became aware of and reasonably expect a "claim" which may result from such "wrongful act";

(4) The nature of the alleged or potential "damages" arising from such "wrongful act"; and

(5) The circumstances by which the insured first became aware of the "wrongful act";

then any "claim" subsequently made against any "insured" arising out of such specific "wrongful act" shall be deemed to be a "claim" made during the "policy period" in which such specific "wrongful act" was first reported to us.

e. Notice of a "wrongful act" is not notice of a "claim" and shall not relieve the insured of their duty to report any subsequent "claim".

3. 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:

a. We retain the right, at our discretion, to:

- (1) Settle, approve or disapprove the settlement of any "claim"; and
- (2) Appeal any judgment, award or ruling at our expense.

b. You and any other involved insured must:

(1) Continue to comply with Paragraph E.2. **Duties In The Event Of A Claim Or Wrongful Act That May Result In A Claim** condition of this endorsement as well as the other provisions of this policy; and

(2) Direct defense counsel of the insured to:

- (a) Furnish us with the information we request to evaluate those "suits" for coverage under this policy; and
- (b) Cooperate with any counsel we may select to monitor or associate in the defense of those "suits".

c. 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.

4. Transfer Of Duties When Limit Of Insurance Is Exhausted

- a. If we conclude that, based on "claims" which have been reported to us and to which this insurance may apply, the Directors and Officers Liability Annual Aggregate Limit Of Insurance is likely to be used up in the payment of "damages" or "defense expenses", we will notify the first Named Insured, in writing, to that effect.
 - b. When the Directors and Officers Liability Annual Aggregate Limit Of Insurance has been used up in the payment of "damages" or "defense expenses", we will:
 - (1) Notify the first Named Insured in writing, as soon as practicable, that such limit has been used up, and that our duty to defend the insured against "suits" seeking "damages" subject to that limit has also ended;
 - (2) 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 **4.b.(1)** of this endorsement and which are reported to us before that duty to defend ended; and
 - (3) 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.
 - c. If the circumstances described in Paragraph **4.b.(1)** of this endorsement have occurred, the first Named Insured, and any other insured involved in a "suit" seeking "damages" subject to that limit, must:
 - (1) Cooperate in the transfer of control of "suits"; and
 - (2) Arrange for the defense of such "suit" within such time 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.
 - d. We will take no action with respect to defense for any "claim" if such "claim" is reported to us after the Directors and Officers Liability Annual Aggregate 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".
 - e. 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 **4.b.** of this endorsement.
 - f. The exhaustion of the Directors and Officers Liability Annual Aggregate 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.
- F.** For the purposes of the coverage provided by this endorsement, the following Extended Reporting Period provisions are added:

Extended Reporting Periods

1. We will provide a Basic Extended Reporting Period and you will have the right to purchase a Supplemental Extended Reporting Period from us if:
 - a. This endorsement is cancelled or not renewed for any reason; or
 - b. We renew or replace this endorsement with insurance that:
 - (1) Has a Retroactive Date later than the date shown in the Declarations; or
 - (2) Does not apply to "wrongful acts" on a claims-made basis.
2. The Extended Reporting Periods do not extend the policy period or change the scope of the coverage provided. They apply only to "claims" to which the following applies:
 - a. The "claim" is first made during the applicable Extended Reporting Period;
 - b. The "wrongful act" occurs before the end of the policy period; and
 - c. The "wrongful act" did not occur before the Retroactive Date.
3. A Basic Extended Reporting Period is automatically provided without an additional charge. This period starts with the end of the policy period and lasts for 90 days.

Claims must be reported to us in writing not later than 90 days after the end of the policy period in accordance with Paragraphs **E.1.** and **E.2.** of this endorsement.

The Basic Extended Reporting 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. A Supplemental Extended Reporting Period lasts three years and is available only for an additional premium. This period starts 90 days after the end of the policy period.

You must give us a written request for the Supplemental Extended Reporting Period within 90 days after the end of the policy period or the effective date of cancellation, whichever comes first.

The Supplemental 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 endorsement. Once in effect, the Supplemental Extended Reporting Period may not be cancelled.

5. We will determine the additional premium in accordance with our rules and rates. The additional premium will not exceed 200% of the annual premium for this endorsement.
6. When the Supplemental Extended Reporting Period is in effect, we will provide a Supplemental Limit of Insurance for any "claim" first made during the Supplemental Extended Reporting Period.

The Supplemental Limit of Insurance will be equal to the dollar amount shown in the Declarations under the Directors and Officers Liability Annual Aggregate Limit Of Insurance.

7. When the Supplemental Extended Reporting Period is in effect, the provisions of this Paragraph 7. supersede any other provisions of this endorsement to the contrary.

- a. A Supplemental Extended Reporting Period is provided, as described in Paragraph **F. Extended Reporting Periods** of this endorsement.

- b. A Supplemental Limit of Insurance applies, as set forth in Paragraph **F.7.c.** below, to "claims" first made during the Supplemental Extended Reporting Period. The limit is equal to the Directors and Officers Liability Annual Aggregate Limit Of Insurance entered in the Declarations.

- c. Paragraph **D.1.b.** of this endorsement is replaced by the following:

The Directors and Officers Liability Annual Aggregate Limit Of Insurance shown in the Declarations is 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.

However, the Directors and Officers Liability Annual Aggregate Limit Of Insurance does not apply to "claims" to which the Supplemental Limit Of Insurance applies.

- d. The following is added to Paragraph **D.1.** of this endorsement:

The Supplemental Limit Of Insurance is the most we will pay for the sum of:

- (1) All "damages"; and
- (2) All "defense expenses"

because of all "wrongful acts" for "claims" first made during the Supplemental Extended Reporting Period.

- e. Paragraph **D.1. Directors and Officers Liability Annual Aggregate Limit Of Insurance**, as amended by Paragraphs **F.7.c.** and **F.7.d.** of this endorsement, is otherwise unchanged and applies in its entirety.

- f. The Supplemental Extended Reporting Period will not take effect unless the additional premium for it, as set forth in Paragraph **F. Extended Reporting Periods**, is paid when due. If that premium is paid when due, the Supplemental Extended Reporting Period may not be cancelled.

- G.** For the purposes of the coverage provided by this endorsement, the following is added to Paragraph **F. Liability And Medical Expenses Definitions**:

1. "Abuse or molestation" means actual, attempted, alleged or threatened abuse or molestation of any person by another person while the person is in the care, custody or control of any insured. This includes physical abuse, sexual assault, sexual injury, sexual harassment, sexual misconduct or sexual molestation.

2. "Affiliated Entity" means the Named Insured or any other entity or organization with which the Named Insured is, has been, is claimed to be or have been affiliated or associated, or which the Named Insured governs or is governed by, owns or is owned by, or controls or is controlled by, including, but not limited to, any and all corporations, associations, partnerships, joint ventures, foundations, churches, congregations, trusts, educational institutions, day care facilities, group home

facilities, denominations, dioceses, conventions, districts, synods, councils, camps, conference centers, any other similar entity or organization. "Affiliated Entity" includes all "Directors, Officers, and Trustees", employees, members, or volunteers of such entity or organization, and all "Directors, Officers, and Trustees", employees, members, or volunteers of the Named Insured.

3. "Affiliated Entity Dispute" means any "suit" arising out of, resulting from, or involving any allegation or "claim" made against an insured by or on behalf of any actual or alleged "Affiliated Entity" that arises out of one or more of the following:
 - a. Ownership, title, control, or use or return of real or personal property, donations, or financial assets;
 - b. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling, or premises that a person occupies;
 - c. 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;
 - d. Access to financial or other records;
 - e. The authority or control over business affairs of an insured;
 - f. The appointment or election of "Directors, Officers, and Trustees" or other positions;
 - g. The interpretation or application of articles of incorporation, charters, association agreements, constitutions, bylaws, or other governing documents, or any amendments thereto;
 - h. Ecclesiastical, doctrinal, religious, or philosophical teachings, beliefs, practices, or policies.
4. "Claim" means:
 - a. A written demand for monetary damages;
 - b. A civil proceeding against any insured commenced by the service of a complaint or similar pleading;
 - d. A "suit"
5. "Damages" means monetary loss, which an insured is legally obligated to pay for any "claim" to which this insurance applies and shall include judgments and settlements, and attorney's fees awarded to a prevailing party. "Damages" does not include:
 - a. Punitive damages or exemplary damages;
 - b. Liquidated damages as provided under a contract;
 - c. Payments for judgments or settlements that may be deemed uninsurable under the law pursuant to which this policy may be construed.
6. "Defense expenses" means payments allocated to a specific "claim" we investigate, settle or defend, for its investigation, settlement or defense, including:
 - a. Fees and salaries of attorneys and paralegals we retain, including attorneys and paralegals who are our "employees".
 - b. 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".
 - c. All other litigation expenses, including fees or expenses of expert witnesses hired either by us or by the defense attorney retained by an insured.

"Defense expenses" does not include back pay, salaries, wages and expenses of our "employees" or the insured's "employees" (other than those described in Paragraph a. of this definition).
7. "Directors, Officers, and Trustees" means any past, present or future member of any governing body of the Named Insured.
8. "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.
9. "Suit" means a civil proceeding in which "damages" because of a "wrongful act" are alleged. "Suit" includes:
 - a. An arbitration proceeding in which such "damages" are claimed and to which the insured must submit or does submit with our consent; or
 - b. Any other alternative dispute resolution proceeding in which such "damages" are claimed and to which the insured submits with our consent.
10. "Wrongful act" means any alleged or actual:
 - a. Error or misstatement;
 - b. Misleading statement;
 - c. Neglect or breach of duty; or

d. Act or omission;

by you or any of your "Directors, Officers, and Trustees" but only in their capacity as such.

- H. For the purposes of this coverage provided by this endorsement, **H. Other Insurance** in **SECTION III – COMMON POLICY CONDITIONS (APPLICABLE TO SECTION I – PROPERTY AND SECTION II – LIABILITY)** is removed and replaced by the following:

This insurance is excess over any other valid and collectible insurance, whether such insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other policy is written specifically excess of this policy

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYEE BENEFITS LIABILITY COVERAGE

**THIS ENDORSEMENT PROVIDES CLAIMS-MADE COVERAGE.
PLEASE READ THE ENTIRE ENDORSEMENT CAREFULLY.**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Employee Benefits Program:			
Limit Of Insurance		Deductible (Each Employee)	Premium
Each Employee	Aggregate		
\$	\$	\$	\$
Retroactive Date:			
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.			

A. Section II – Liability is amended as follows:

1. The following is added to Paragraph **A. Coverages:**

Coverage – Employee Benefits Liability

a. Insuring Agreement

- (1) We will pay those sums that the insured becomes legally obligated to pay as damages because of any act, error or omission, of the insured, or of any other person for whose acts the insured is legally liable, to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages to which this insurance does not apply. We may, at our discretion, investigate any report of an act, error or omission and settle any "claim" or "suit" that may result. But:

- (a) The amount we will pay for damages is limited as described in Paragraph **4.** of this endorsement; and

- (b) Our right and duty to defend end when we have used up the applicable Limit of Insurance in the payment of judgments or settlements.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments.

- (2) This insurance applies to damages only if:
 - (a) The act, error or omission is negligently committed in the "administration" of your "employee benefit program";
 - (b) The act, error or omission did not take place before the Retroactive Date, if any, shown in the Schedule nor after the end of the policy period; and

- (c) A "claim" for damages, because of an act, error or omission, is first made against any insured, in accordance with Paragraph **a.(3)** below, during the policy period or an Extended Reporting Period we provide under Paragraph **6.** of this endorsement.
- (3) A "claim" seeking damages will be deemed to have been made at the earlier of the following times:
 - (a) When notice of such "claim" is received and recorded by any insured or by us, whichever comes first; or
 - (b) When we make settlement in accordance with Paragraph **a.(1)** above.

A "claim" received and recorded by the insured within 60 days after the end of the policy period will be considered to have been received within the policy period, if no subsequent policy is available to cover the "claim".
- (4) All "claims" for damages made by an "employee" because of any act, error or omission, or a series of related acts, errors or omissions, including damages claimed by such "employee's" dependents and beneficiaries, will be deemed to have been made at the time the first of those "claims" is made against any insured.

b. Exclusions

This insurance does not apply to:

- (1) **Dishonest, Fraudulent, Criminal Or Malicious Act**
 Damages arising out of any intentional, dishonest, fraudulent, criminal or malicious act, error or omission committed by any insured, including the willful or reckless violation of any statute.
- (2) **Bodily Injury, Property Damage Or Personal And Advertising Injury**
 "Bodily injury", "property damage" or "personal and advertising injury".
- (3) **Failure To Perform A Contract**
 Damages arising out of failure of performance of contract by any insurer.

(4) Insufficiency Of Funds

Damages arising out of an insufficiency of funds to meet any obligations under any plan included in the "employee benefit program".

(5) Inadequacy Of Performance Of Investment/Advice Given With Respect To Participation

Any "claim" based upon:

- (a) Failure of any investment to perform;
- (b) Errors in providing information on past performance of investment vehicles; or
- (c) 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".

(6) Workers' Compensation And Similar Laws

Any "claim" arising out of your failure to comply with the mandatory provisions of any workers' compensation, unemployment compensation insurance, social security or disability benefits law or any similar law.

(7) ERISA

Damages for which any insured is liable because of liability imposed on a fiduciary by the Employee Retirement Income Security Act of 1974, as now or hereafter amended, or by any similar federal, state or local laws.

(8) Available Benefits

Any "claim" for benefits to the extent that such benefits are available, with reasonable effort and cooperation of the insured, from the applicable funds accrued or other collectible insurance.

(9) Taxes, Fines Or Penalties

Taxes, fines or penalties, including those imposed under the Internal Revenue Code or any similar state or local law.

(10) Employment-related Practices

Damages arising out of wrongful termination of employment, discrimination or other employment-related practices.

2. For the purposes of the coverage provided by this endorsement:

- a. All references to Supplementary Payments are replaced by Supplementary Payments and Employee Benefits Liability.
- b. Paragraphs **f.(1)(b)**, **f.(2)** and **f.(3)** Coverage Extension – Supplementary Payments do not apply.

3. For the purposes of the coverage provided by this endorsement, Paragraph **C.2. Who Is An Insured** is replaced by the following:

- 2. Each of the following is also an insured:
 - a. Each of your "employees" who is or was authorized to administer your "employee benefit program".
 - b. Any persons, organizations or "employees" having proper temporary authorization to administer your "employee benefit program" if you die, but only until your legal representative is appointed.
 - c. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this endorsement.

4. For the purposes of the coverage provided by this endorsement, Paragraph **D. Liability And Medical Expenses Limits Of Insurance** is replaced by the following:

a. Limits Of Insurance

- (1) The Limits Of Insurance shown in the Schedule and the rules below fix the most we will pay regardless of the number of:
 - (a) Insureds;
 - (b) "Claims" made or "suits" brought;
 - (c) Persons or organizations making "claims" or bringing "suits";
 - (d) Acts, errors or omissions; or
 - (e) Benefits included in your "employee benefit program".
- (2) The Aggregate Limit is the most we will pay for all damages because of acts, errors or omissions negligently committed in the "administration" of your "employee benefit program".

(3) Subject to the Aggregate Limit, the Each Employee Limit is the most we will pay for all damages sustained by any one "employee", including damages sustained by such "employee's" dependents and beneficiaries, as a result of:

- (a) An act, error or omission; or
- (b) A series of related acts, errors or omissions;

negligently committed in the "administration" of your "employee benefit program".

However, the amount paid under this endorsement shall not exceed, and will be subject to, the limits and restrictions that apply to the payment of benefits in any plan included in the "employee benefit program".

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

b. Deductible

- (1) Our obligation to pay damages on behalf of the insured applies only to the amount of damages in excess of the deductible amount stated in the Schedule as applicable to Each Employee. The Limits of Insurance shall not be reduced by the amount of this deductible.
- (2) The deductible amount stated in the Schedule applies to all damages sustained by any one "employee", including such "employee's" dependents and beneficiaries, because of all acts, errors or omissions to which this insurance applies.

- (3) The terms of this insurance, including those with respect to:
- (a) Our right and duty to defend any "suits" seeking those damages; and
 - (b) Your duties, and the duties of any other involved insured, in the event of an act, error or omission, or "claim";
- apply irrespective of the application of the deductible amount.
- (4) We may pay any part or all of the deductible amount to effect settlement of any "claim" or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as we have paid.
5. For the purposes of the coverage provided by this endorsement, Paragraph **E.2. Duties In The Event Of Occurrence, Offense, Claim Or Suit** is replaced by the following:
- 2. Duties In The Event Of An Act, Error Or Omission, Or Claim Or Suit**
- a. You must see to it that we are notified as soon as practicable of an act, error or omission which may result in a "claim". To the extent possible, notice should include:
 - (1) What the act, error or omission was and when it occurred; and
 - (2) The names and addresses of anyone who may suffer damages as a result of the act, error or omission.
 - b. If a "claim" is made or "suit" is brought against any insured, you must:
 - (1) Immediately record the specifics of the "claim" or "suit" and the date received; and
 - (2) Notify us as soon as practicable.

You must also see to it that we receive written notice of the "claim" or "suit" as soon as practicable.
 - c. You and any other involved insured must:
 - (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "claim" or "suit";
 - (2) Authorize us to obtain records and other information;
 - (3) Cooperate with us in the investigation or settlement of the "claim" or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of an act, error or omission to which this insurance may also apply.
- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation or incur any expense without our consent.
6. For the purposes of the coverage provided by this endorsement, the following Extended Reporting Period provisions are added:
- Extended Reporting Period**
- a. You will have the right to purchase an Extended Reporting Period, as described below, if:
 - (1) This endorsement is canceled or not renewed; or
 - (2) We renew or replace this endorsement with insurance that:
 - (a) Has a Retroactive Date later than the date shown in the Schedule of this endorsement; or
 - (b) Does not apply to an act, error or omission on a claims-made basis.
 - b. The Extended Reporting Period does not extend the policy period or change the scope of coverage provided. It applies only to "claims" for acts, errors or omissions that were first committed before the end of the policy period but not before the Retroactive Date, if any, shown in the Schedule. Once in effect, the Extended Reporting Period may not be canceled.
 - c. An Extended Reporting Period of five years is available, but only by an endorsement and for an extra charge.
- You must give us a written request for the endorsement within 60 days after the end of the policy period. The Extended Reporting Period will not go into effect unless you pay the additional premium promptly when due.
- We will determine the additional premium in accordance with our rules and rates. In doing so, we may take into account the following:
- (1) The "employee benefit programs" insured;
 - (2) Previous types and amounts of insurance;

(3) Limits of Insurance available under this endorsement for future payment of damages; and

(4) Other related factors.

The additional premium will not exceed 100% of the annual premium for this endorsement.

The Extended Reporting Period endorsement applicable to this coverage shall set forth the terms, not inconsistent with this section, applicable to the Extended Reporting Period, including a provision to the effect that the insurance afforded for "claims" first received during such period is excess over any other valid and collectible insurance available under policies in force after the Extended Reporting Period.

d. If the Extended Reporting Period is in effect, we will provide an Extended Reporting Period Aggregate Limit of Insurance described below, but only for claims first received and recorded during the Extended Reporting Period.

The Extended Reporting Period Aggregate Limit of Insurance will be equal to the dollar amount shown in the Schedule of this endorsement under Limits of Insurance.

Paragraph 4.a.(2) of this endorsement will be amended accordingly. The Each Employee Limit shown in the Schedule will then continue to apply as set forth in Paragraph 4.a.(3).

7. For the purposes of the coverage provided by this endorsement, the following definitions are added to Paragraph F. **Liability And Medical Expenses Definitions:**

a. "Administration" means:

- (1) Providing information to "employees", including their dependents and beneficiaries, with respect to eligibility for or scope of "employee benefit programs";
- (2) Handling records in connection with the "employee benefit program"; or
- (3) Effecting, continuing or terminating any "employee's" participation in any benefit included in the "employee benefit program".

However, "administration" does not include handling payroll deductions.

b. "Cafeteria plans" means plans authorized by applicable law to allow employees to elect to pay for certain benefits with pretax dollars.

c. "Claim" means any demand, or "suit", made by an "employee" or an "employee's" dependents and beneficiaries, for damages as the result of an act, error or omission.

d. "Employee benefit program" means a program providing some or all of the following benefits to "employees", whether provided through a "cafeteria plan" or otherwise:

- (1) Group life insurance; group accident or health insurance; dental, vision and hearing plans; and flexible spending accounts, provided that no one other than an "employee" may subscribe to such benefits and such benefits are made generally available to those "employees" who satisfy the plan's eligibility requirements;
- (2) Profit sharing plans, employee savings plans, employee stock ownership plans, pension plans and stock subscription plans, provided that no one other than an "employee" may subscribe to such benefits and such benefits are made generally available to all "employees" who are eligible under the plan for such benefits;
- (3) Unemployment insurance, social security benefits, workers' compensation and disability benefits;
- (4) Vacation plans, including buy and sell programs; leave of absence programs, including military, maternity, family and civil leave; tuition assistance plans; transportation and health club subsidies; and
- (5) Any other similar benefits designated in the Schedule or added thereto by endorsement.

8. For the purposes of the coverage provided by this endorsement, Paragraphs F.5. and F.18. **Liability And Medical Expenses Definitions** are replaced by the following:

5. "Employee" means a person actively employed, formerly employed, on leave of absence or disabled, or retired. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

18. "Suit" means a civil proceeding in which damages because of an act, error or omission to which this insurance applies are alleged. "Suit" includes:
- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
 - b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

B. Section III – Common Policy Conditions is amended as follows:

For the purposes of the coverage provided by this endorsement, Paragraph 2. under **H. Other Insurance** is replaced by the following:

2. This Employee Benefits Liability insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis:

That is effective prior to the beginning of the policy period shown in the Declarations of the policy to which this endorsement is attached and that applies to an act, error or omission on other than a claims-made basis, if:

- a. No Retroactive Date is shown in the Schedule of this endorsement; or
- b. The other insurance has a policy period which continues after the Retroactive Date shown in the Schedule of this endorsement.