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Liberty Mutual Insurance
P.O. Box 188060
Fairfield, OH 45018

ACADEMY OF DOVER
104-106 SALISBURY ROAD
DOVER DE 19904

TO: ACADEMY OF DOVER
104-106 SALISBURY ROAD
DOVER DE 19904

Liberty Mutual Insurance
P.O. Box 188060
Fairfield, OH 45018

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11/16/2020

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2



Coverage is provided in:
THE NETHERLANDS INSURANCE COMPANY-A STOCK COMPANY

This policy has been prepared for:

ACADEMY OF DOVER
104-106 SALISBURY ROAD
DOVER DE 19904

Agent Name and Address:

L & W INSURANCE
PO BOX 918
DOVER DE 19903-0918

Agent Code: 5290824

Agent's Phone Number: (302)-674-3500

Your insurance policy is enclosed. Please place it with your important papers.

Thank you for selecting us to service your insurance needs!

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TERRORISM INSURANCE PREMIUM DISCLOSURE AND OPPORTUNITY TO REJECT

This notice contains important information about the Terrorism Risk Insurance Act and your option to reject terrorism insurance coverage. Please read it carefully.

THE TERRORISM RISK INSURANCE ACT

The Terrorism Risk Insurance Act, including all amendments (“TRIA” or the “Act”), establishes a program to spread the risk of catastrophic losses from “certain acts of terrorism” between insurers and the federal government. If an individual insurer’s losses from “certified acts of terrorism” exceed a specified deductible amount the government will generally reimburse the insurer for a percentage of losses (the “Federal Share”) paid in excess of the deductible, but only if aggregate industry losses from such acts exceed the “Program Trigger”. An insurer that has met its insurer deductible is not liable for any portion of losses in excess of \$100 billion per year. Similarly the federal government is not liable for any losses covered by the Act that exceed this amount. If aggregate insured losses exceed \$100 billion, losses up to that amount may be pro-rated, as determined by the Secretary of the Treasury.

Beginning in calendar year 2020, the Federal Share is 80% and the Program Trigger is \$200,000,000.

MANDATORY AVAILABILITY OF COVERAGE FOR “CERTIFIED ACTS OF TERRORISM”

TRIA requires insurers to make coverage available for any loss that occurs within the United States (or outside of the U.S. in the case of U.S. missions and certain air carriers and vessels), results from a “certified act of terrorism” AND that is otherwise covered under your policy.

A “certified act of terrorism” means:

[A]ny act that is certified by the Secretary [of the Treasury], in consultation with the Secretary of Homeland Security, and the Attorney General of the United States

- (i) to be an act of terrorism
- (ii) to be a violent act or an act that is dangerous to
 - (I) human life
 - (II) property; or
 - (III) infrastructure;
- (iii) to have resulted in damage within the United States, or outside of the United States in the case of
 - (I) an air carrier (as defined in section 40102 of title 49, United States Code) or United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States); or
 - (II) the premises of a United States mission; and
- (iv) to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

REJECTING TERRORISM INSURANCE COVERAGE – WHAT YOU MUST DO

We have included in your policy coverage for losses resulting from “certified acts of terrorism” as defined above.

THE PREMIUM CHARGE FOR THIS COVERAGE APPEARS ON THE DECLARATIONS PAGE OF THE POLICY AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT. If we are providing you with a quote, the premium charge will also appear on your quote as a separate line item charge.

Note: With respect to Excess or Umbrella policies, this offer of coverage pertains only to those lines of business covered by TRIA and, more specifically, does not apply to commercial automobile insurance. In addition, this offer of TRIA coverage is expressly conditioned upon your acceptance of coverage for “certified acts of terrorism” on all underlying insurance policies that are subject to TRIA. If you reject such coverage on your primary liability policies, you must also reject it on your Excess or Umbrella policy.

IF YOU CHOOSE TO REJECT THIS COVERAGE PLEASE CHECK THE BOX BELOW, SIGN THE ACKNOWLEDGMENT, AND RETURN IT IN THE ENCLOSED ENVELOPE. Please ensure any rejection is received within thirty (30) days of the effective date of your policy.

_____ I hereby reject this offer of coverage. I understand that by rejecting this offer, I will have no coverage for losses arising from “certified acts of terrorism” and my policy will be endorsed accordingly.

Note that certain states (currently CA, GA, IA, IL, ME, MO, NY, NC, NJ, OR, RI, WA, WI and WV) mandate coverage for loss caused by fire following a “certified act of terrorism” in certain types of insurance policies. If you reject TRIA coverage in these states on those policies, you will not be charged any additional premium for that state mandated coverage.

Policyholder/Applicant Signature

Date

Print Name

The summary of the Act and the coverage under your policy contained in this notice is necessarily general in nature. Your policy contains specific terms, definitions, exclusions and conditions. In case of any conflict, your policy language will control the resolution of all coverage questions. Please read your policy carefully.

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

FOLD

Policy Number

Agency Code

8526587

5290824

Insured Name:

Please fold on line. Company address must show through window.

ACADEMY OF DOVER

Effective Date:

11/16/2020

IMPORTANT POLICYHOLDER INFORMATION CONCERNING BILLING PRACTICES

Dear Valued Policyholder: This insert provides you with important information about our policy billing practices that may affect you. Please review it carefully and contact your agent if you have any questions.

Premium Notice: We will mail you a policy Premium Notice separately. The Premium Notice will provide you with specifics regarding your agent, the account and policy billed, the billing company, payment plan, policy number, transaction dates, description of transactions, charges/credits, policy amount balance, minimum amount, and payment due date. This insert explains fees that may apply to and be shown on your Premium Notice.

Available Premium Payment Plans:

- **Annual Payment Plan:** When this plan applies, you have elected to pay the entire premium amount balance shown on your Premium Notice in full. No installment billing fee applies when the Annual Payment Plan applies.
- **Installment Payment Plan:** When this plan applies, you have elected to pay your policy premium in installments (e.g.: quarterly or monthly installments – Installment Payment Plans vary by state). As noted below, an installment fee may apply when the Installment Payment Plan applies.

The Premium Payment Plan that applies to your policy is shown on the top of your Premium Notice. Please contact your agent if you want to change your Payment Plan election.

Installment Payment Plan Fee: If you elected to pay your premiums in installments using the Installment Premium Payment Plan, an installment billing fee applies to each installment bill. The installment billing charge will not apply, however, if you pay the entire balance due when you receive the bill for the first installment. Because the amount of the installment charge varies from state to state, please consult your Premium Notice for the actual fee that applies.

Dishonored Payment Fee: Your financial institution may refuse to honor the premium payment withdrawal request you submit to us due to insufficient funds in your account or for some other reason. If that is the case, and your premium payment withdrawal request is returned to us dishonored, a payment return fee will apply. Because the amount of the return fee varies from state to state, please consult your premium Notice for the actual fee that applies.

Late Payment Fee: If we do not receive the minimum amount due on or before the date or time the payment is due, as indicated on your Premium Notice, you will receive a policy cancellation notice effective at a future date that will also reflect a late payment fee charge. Issuance of the cancellation notice due to non-payment of a scheduled installment(s) may result in the billing and collection of all or part of any outstanding premiums due for the policy period. Late Payment Fees vary from state to state and are not applicable in some states.)

Special Note: Please note that some states do not permit the charging of certain fees. Therefore, if your state does not allow the charging of an Installment Payment Plan, Dishonored Payment or Late Payment Fee, the disallowed fee will not be charged and will not be included on your Premium Notice.

EFT-Automatic Withdrawals Payment Option: When you select this option, you will not be sent premium notices and, in most cases, will not be charged installment fees. For more information on our EFT-Automatic Withdrawals payment option, refer to the attached policyholder plan notice and enrollment sheet.

Once again, please contact your agent if you have any questions about the above billing practice information.

Thank you for selecting us to service your insurance needs.

Insured Copy

LIBERTY MUTUAL GROUP CALIFORNIA PRIVACY NOTICE
COMMERCIAL LINES (EXCLUDING WORKERS' COMPENSATION)
(EFFECTIVE JANUARY 1, 2020)

Liberty Mutual Group and its affiliates, subsidiaries, and partners (collectively "Liberty Mutual" or "we", "us" and "our") provide insurance to companies and other insurers. This Privacy Notice explains how we gather, use, and share your data. This Privacy Notice applies to you if you are a **Liberty Mutual commercial line insured or are a commercial line claimant residing in California**. It does not apply to covered employees or claimants under Workers' Compensation policies. If this notice does not apply to you, go to libertymutual.com/privacy to review the applicable Liberty Mutual privacy notice.

What Data Does Liberty Mutual Gather?

We may collect the following categories of data:

- **Identifiers**, including a real name, alias, postal address, unique personal identifier, online identifier, Internet Protocol address, email address, account name, Social Security Number, driver's license number, or other similar identifiers;
- **Personal information described in California Civil Code § 1798.80(e)**, such as your name, signature, Social Security Number, physical characteristics or description, address, telephone number, driver's license or state identification card number, insurance policy number, education, employment, employment history, bank account number, financial information, medical information, or health insurance information;
- **Protected classification characteristics**, including age, race, color, national origin, citizenship, religion or creed, marital status, medical condition, physical or mental disability, sex (including gender, gender identity, gender expression, pregnancy or childbirth and related medical conditions), sexual orientation, or veteran or military status;
- **Commercial information**, including records of personal property, products or services purchased, obtained, or considered, or other purchasing or consuming histories and tendencies;
- **Internet or other similar network activity**, including browsing history, search history, information on a consumer's interaction with a website, application, or advertisement;
- **Professional or employment related information**, including current or past job history or performance evaluations;
- **Inferences drawn from other personal information**, such as a profile reflecting a person's preferences, characteristics, psychological trends, predispositions, behavior, attitudes, intelligence, abilities, and aptitudes;
- **Risk data**, including data about your driving and/or accident history; this may include data from consumer reporting agencies, such as your motor vehicle records and loss history information, health data, or criminal convictions; and
- **Claims data**, including data about your previous and current claims, which may include data regarding your health, criminal convictions, third party reports, or other personal data.

For information about the types of personal data we have collected about California consumers in the past twelve (12) months, please go to libertymutual.com/privacy and click on the link for the California Supplemental Privacy Policy.

How We Get the Personal Data:

| | |
|---|---|
| <p>We gather your personal data directly from you. For example, you provide us with data when you:</p> | <p>We also gather your personal data from other people. For example:</p> |
| <ul style="list-style-type: none"> • ask about, buy insurance or file a claim | <ul style="list-style-type: none"> • your insurance agent or broker |
| <ul style="list-style-type: none"> • pay your policy | <ul style="list-style-type: none"> • your employer, association or business (if you are insured through them) |
| <ul style="list-style-type: none"> • visit our websites, call us, or visit our office | <ul style="list-style-type: none"> • our affiliates or other insurance companies about your transactions with them |
| | <ul style="list-style-type: none"> • consumer reporting agencies, Motor Vehicle Departments, and inspection services, to gather your credit history, driving record, claims history, or value and condition of your property |

| | |
|--|---|
| | <ul style="list-style-type: none"> • other public directories and sources |
| | <ul style="list-style-type: none"> • third parties, including other insurers, brokers and insurance support organizations who you have communicated with about your policy or claim, anti-fraud databases, sanctions lists, court judgments and other databases, government agencies, open electoral register or in the event of a claim, third parties including other parties to the claim witnesses, expert loss adjustors and claim handlers |
| | <ul style="list-style-type: none"> • other third parties who take out a policy with us and are required to provide your data such as when you are named as a beneficiary or where a family member has taken out a policy which requires your personal data |

For information about how we have collected personal data in the past twelve (12) months, please go to libertymutual.com/privacy and click on the link for the California Supplemental Privacy Policy.

How Does Liberty Mutual Use My Data?

Liberty Mutual uses your data to provide you with our products and services, and as otherwise provided in this Privacy Notice. Your data may be used to:

| <u>Business Purpose</u> | <u>Data Categories</u> |
|--|---|
| <p>Market, sell and provide insurance. This includes for example:</p> <ul style="list-style-type: none"> • calculating your premium; • determining your eligibility for a quote; • confirming your identity and service your policy; | <ul style="list-style-type: none"> • Identifiers • Personal Information • Protected Classification Characteristics • Commercial Information • Internet or other similar network activity • Professional or employment related information • Inferences drawn from other personal information • Risk data • Claims data |
| <p>Manage your claim. This includes, for example:</p> <ul style="list-style-type: none"> • managing your claim, if any; • conducting claims investigations; • conducting medical examinations; • conducting inspections, appraisals; • providing roadside assistance; • providing rental car replacement, or repairs; | <ul style="list-style-type: none"> • Identifiers • Personal Information • Protected Classification Characteristics • Commercial Information • Internet or other similar network activity • Professional or employment related information • Inferences drawn from other personal information • Risk data • Claims data |
| <p>Day to Day Business and Insurance Operations. This includes, for example:</p> <ul style="list-style-type: none"> • creating, maintaining, customizing and securing accounts; • supporting day-to-day business and insurance related functions; • doing internal research for technology development; • marketing and creating products and services; • conducting audits related to a current contact with a consumer and other transactions; • as described at or before the point of gathering personal data or with your authorization; | <ul style="list-style-type: none"> • Identifiers • Personal Information • Protected Classification Characteristics • Commercial Information • Internet or other similar network activity • Professional or employment related information • Inferences drawn from other personal information • Risk data • Claims data |

| | |
|--|---|
| <p>Security and Fraud Detection. This includes for example:</p> <ul style="list-style-type: none"> • detecting security issues; • protecting against fraud or illegal activity, and to comply with regulatory and law enforcement authorities; • managing risk and securing our systems, assets, infrastructure and premises; roadside assistance, rental car replacement, or repairs • help to ensure the safety and security of Liberty staff, assets and resources, which may include physical and virtual access controls and access rights management; • supervisory controls and other monitoring and reviews, as permitted by law; and emergency and business continuity management; | <ul style="list-style-type: none"> • Identifiers • Personal Information • Protected Classification Characteristics • Commercial Information • Internet or other similar network activity • Professional or employment related information • Inferences drawn from other personal information • Risk data • Claims data |
| <p>Regulatory and Legal Requirements. This includes for example:</p> <ul style="list-style-type: none"> • controls and access rights management; • to evaluate or conduct a merger, divestiture, restructuring, reorganization, dissolution, or other sale or transfer of some or all of Liberty's assets, whether as a going concern or as part of bankruptcy, liquidation, or similar proceeding, in which personal data held by Liberty is among the assets transferred; • exercising and defending our legal rights and positions; • to meet Liberty contract obligations; • to respond to law enforcement requests and as required by applicable law, court order, or governmental regulations; • as otherwise permitted by law. | <ul style="list-style-type: none"> • Identifiers • Personal Information • Protected Classification Characteristics • Commercial Information • Internet or other similar network activity • Professional or employment related information • Inferences drawn from other personal information • Risk data • Claims data |
| <p>Improve Your Customer Experience and Our Products. This includes for example:</p> <ul style="list-style-type: none"> • improve your customer experience, our products and service; • to provide, support, personalize and develop our website, products and services; • create and offer new products and services; | <ul style="list-style-type: none"> • Identifiers • Personal Information • Commercial Information • Internet or other similar network activity • Professional or employment related information • Inferences drawn from other personal information • Risk data • Claims data |
| <p>Analytics to identify, understand and manage our risks and products. This includes for example:</p> <ul style="list-style-type: none"> • conducting analytics to better identify, understand and manage risk and our products; | <ul style="list-style-type: none"> • Identifiers • Personal Information • Protected Classification Characteristics • Commercial Information • Internet or other similar network activity • Professional or employment related information • Inferences drawn from other personal information • Risk data • Claims data |
| <p>Customer service and technical support. This includes for example:</p> <ul style="list-style-type: none"> • answer questions and provide notifications; • provide customer and technical support; | <ul style="list-style-type: none"> • Identifiers • Personal Information • Commercial Information • Internet or other similar network activity • Professional or employment related information • Inferences drawn from other personal information • Risk data • Claims data |

How Does Liberty Mutual Share My Data?

Liberty Mutual does not sell your personal data as defined by the California Consumer Privacy Act.

Liberty Mutual shares personal data of California consumers with the following categories of third parties:

- Liberty Mutual affiliates;
- Service Providers;
- Public entities and institutions (e.g. regulatory, quasi-regulatory, tax or other authorities, law enforcement agencies, courts, arbitrational bodies, and fraud prevention agencies);
- Professional advisors including law firms, accountants, auditors, and tax advisors;
- Insurers, re-insurers, policy holders, and claimants; and
- As permitted by law.

Liberty Mutual shares the following categories of personal data regarding California consumers to service providers for business purposes:

| | |
|--|-------------------------|
| Identifiers | Personal Data; |
| Protected Classification Characteristics; | Commercial Information; |
| Internet or other similar network activity; | Claims Data; |
| Inferences drawn from other personal information; | Risk Data; |
| Professional, employment, and education information; | |

For information about how we have shared personal information in the past twelve (12) months, please go to libertymutual.com/privacy and click on the link for the California Supplemental Privacy Policy.

What Privacy Rights Do I Have?

The California Consumer Privacy Act provides California residents with specific rights regarding personal information. These rights are subject to certain exceptions. Our response may be limited as permitted under law.

Access or Deletion

You may have the right to request that Liberty Mutual disclose certain information to you about our collection and use of your personal data in the twelve (12) months preceding such request, including a copy of the personal data we have collected. You also may have the right to request that Liberty Mutual delete personal data that Liberty Mutual collected from you, subject to certain exceptions.

Specifically, you have the right to request that we disclose the following to you, in each case for the twelve (12) month period preceding your request:

- the categories of personal data we have collected about you;
- the categories of sources from which the personal data was/is collected;
- our business or commercial purpose for collecting personal data;
- the categories of third parties with whom we share personal data;
- the specific pieces of data we have collected about you;
- the categories of personal data about you, if any, that we have disclosed for monetary or other valuable consideration, including the categories of third parties to which we have disclosed the data, by category or categories of personal data for each third party to which we disclosed the personal data; and
- the categories of personal data about you that we disclosed for a business purpose.

You can make a request by either:

Calling: 800-344-0197
Online: libertymutualgroup.com/privacy-policy/data-request
Mail: Attn: Privacy Office
Liberty Mutual Insurance Company
175 Berkeley St., 6th Floor
Boston, MA 02116

You may also make a verifiable consumer request on behalf of your minor child.

You or your authorized agent may only make a verifiable consumer request for access or data deletion twice within a twelve (12) month period. The verifiable consumer request must provide sufficient information that allows Liberty Mutual to reasonably verify that you are the person about whom Liberty Mutual collected personal data or an authorized representative of such person; and describe your request with sufficient detail that allows Liberty Mutual to properly understand, evaluate, and respond to it. For more information about how Liberty Mutual will verify your identity and how an authorized agent may make a request on your behalf, go to libertymutual.com/privacy and click on the California Supplemental Privacy Policy.

Response Timing

Liberty Mutual will respond to a verifiable consumer request within forty-five (45) days of its receipt. If more time is needed, Liberty Mutual will inform you of the reason and extension period in writing.

Any disclosures that will be provided will only cover the twelve (12) month period preceding our receipt of the verifiable consumer request. If Liberty Mutual is unable to fulfill your request, you will be provided with the reason that the request cannot be completed. For more information about how we will respond to requests, go to libertymutual.com/privacy and click on the California Supplemental Privacy Policy.

Rights to opt in and out of data selling

California consumers have the right to direct businesses not to sell your personal data (opt-out rights), and personal data of minors under 16 years of age will not be sold, as is their right, without theirs or their parents' opt-in consent. Liberty Mutual does not sell the personal data of consumers. For more information, go to libertymutual.com/privacy and click on the California Supplemental Privacy Policy.

No account needed

You do not need to create an account with Liberty Mutual to exercise your rights. Liberty Mutual will only use personal data provided in a request to review and comply with the request.

No discrimination

You have the right not to be discriminated against for exercising any of your CCPA rights. Unless permitted by the CCPA, exercising your rights will not cause Liberty Mutual to:

- Deny you goods or services;
- Charge you different prices or rates for goods or services, including through granting discounts or other benefits, or imposing penalties;
- Provide you a different level or quality of goods or services; or
- Suggest that you may receive a different price or rate for goods or services, or a different level or quality of goods or services.

Will Liberty Mutual Update This Privacy Notice?

We reserve the right to make changes to this notice at any time and for any reason. The updated version of this policy will be effective once it is accessible. You are responsible for reviewing this policy to stay informed of any changes or updates.

Who Do I Contact Regarding Privacy?

If you have any questions or comments about this Notice or the Supplemental CCPA Notice, your rights, or are requesting the Notice in an alternative format, please do not hesitate to contact Liberty Mutual at:

Phone: 800-344-0197
Email: privacy@libertymutual.com
Postal Address: Attn: Privacy Office
Liberty Mutual Insurance Company
175 Berkeley St., 6th Floor
Boston, MA 02116

IMPORTANT NOTICE TO POLICYHOLDER CONCERNING YOUR POLICY NON-CUMULATION OF LIABILITY (SAME OCCURRENCE)

This notice contains a brief summary of coverage changes made to your policy.

Please read your policy and review your Declarations page for complete coverage information. No coverage is provided by this notice, nor can it be construed to replace any provisions of your policy. If there are discrepancies between your policy and this notice, the provisions of the policy shall prevail.

Should you have questions after reviewing the changes outlined below, please contact your independent agent.

SUMMARY OF POLICY CHANGE

- ***If your renewal policy contains one of the following endorsements:***
 - ***22-112 (01/07) Non-Cumulation Of Liability (Same Occurrence) – modifies the Commercial General Liability Coverage Part***
 - ***14-267 (01/07) Non-Cumulation Of Liability (Same Occurrence) – modifies the Commercial Umbrella Liability Coverage Part***
 - ***14-267CA (01/07) Non-Cumulation Of Liability (Same Occurrence) – modifies the Commercial Umbrella/Excess Liability Policy***

and your prior policy did not contain a similar endorsement, then the following change applies to your policy:

COVERAGE REDUCTION

The Limits of Insurance section of your policy is amended to expressly state that, if one occurrence causes bodily injury or property damage during the policy period and during the policy period of one or more prior, or future, policies issued to you by us, then this policy's Each Occurrence Limit will be reduced by the amount of each payment made by us under the other policies because of such occurrence. While this change is a reinforcement of coverage intent, it may result in a decrease in coverage in jurisdictions where courts have ruled that limits of insurance can be triggered under multiple policy periods. For that reason, out of caution, we are listing it as a coverage reduction.

JURISDICTIONAL BOILER AND PRESSURE VESSEL INSPECTIONS

Most jurisdictions (cities or states) are governed by laws and regulations that require owners of boilers and pressure vessels to have their equipment inspected on a routine basis. Jurisdictions require that equipment is installed and operated according to these regulations, and it is the equipment breakdown engineering inspector's responsibility to verify the equipment complies with all requirements.

Liberty Mutual Equipment Breakdown is a National Board Accredited Authorized Inspection Agency. This designation is recognized by authorities having jurisdictions in the U.S. & provinces of Canada and gives Liberty Mutual commissioned inspectors the ability to perform jurisdictionally required inspection on boilers and pressure vessels at insured locations. We have field inspectors strategically located throughout the U.S. to perform boiler and pressure vessel inspection for our customers and clients.

To request a Jurisdictional Inspection please:

- **Call the LMEB Hotline (877) 526-0020**

Or

- **Email your request to LMEBInspections@Libertymutual.com**

The assigned EB Risk Engineer will call to schedule within 24 – 48 hours. When requesting an inspection please include the following:

- Current Policy Number
- Location Address
- Contact Name
- Contact Phone Number and/or Email Address

EFFECTIVE DATE: 11/16/2020

| | |
|---|--|
| Policy Number: CBP 8526587 | Prior Policy: |
| Billing Type: AGENCY BILL | |
| Coverage Is Provided In THE NETHERLANDS INSURANCE COMPANY-A STOCK COMPANY | |
| Named Insured and Mailing Address: ACADEMY OF DOVER 104-106 SALISBURY ROAD DOVER DE 19904 | Agent: L & W INSURANCE PO BOX 918 DOVER DE 19903-0918 Agent Code: 5290824 Agent Phone: (302)-674-3500 |

COMMON POLICY DECLARATIONS

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

POLICY PERIOD: From : 11/16/2020 To: 11/16/2021 at 12:01 AM Standard Time at your mailing address shown above.

FORM OF BUSINESS: SCHOOL

BUSINESS DESCRIPTION: SCHOOL

This policy consists of the following coverage parts for which a premium is indicated. This premium may be subject to adjustment.

| | PREMIUM |
|---|-------------------------|
| Commercial Property Coverage Part | \$ 3,150.00 |
| Commercial Crime Coverage Part | \$ 491.00 |
| Commercial General Liability Coverage Part | INCLUDED |
| Employee Benefits Liability Coverage Part | INCLUDED |
| Employers Stop Gap Liability Coverage Part | INCLUDED |
| School Leaders Errors and Omissions Liability Coverage Part | INCLUDED |
| Sexual Misconduct and Molestation Liability Coverage Part | INCLUDED |
| Total Premium for all Liability Coverage Parts | \$ 13,483.00 |
| Terrorism Risk Insurance Act | \$ 163.00 |
| Total Policy Premium | \$ 17,287.00 |

FORMS AND ENDORSEMENTS

Forms and Endorsements made a part of this policy at time of issue:

Applicable Forms and Endorsements are omitted if shown in specific Coverage Part/Coverage Form Declarations

| Form Number | Description |
|-------------|-------------------------------|
| IL0003 | - 0907 CALCULATION OF PREMIUM |

17-57 (06/94)

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COMMON POLICY DECLARATIONS (continued)

FORMS AND ENDORSEMENTS

Forms and Endorsements made a part of this policy at time of issue:

Applicable Forms and Endorsements are omitted if shown in specific Coverage Part/Coverage Form Declarations

| Form Number | Description |
|-------------|---|
| IL0017 | - 1198 COMMON POLICY CONDITIONS |
| IL0237 | - 0702 DELAWARE CHANGES-TERMINATION PROVISIONS |
| IL0952 | - 0115 CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM |
| 17-357 | - 0115 CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM |
| 17-363 | - 0115 EXCLUSION OF PUNITIVE DAMAGES RELATED TO TERRORISM |
| 17-366 | - 1202 WAR LIABILITY EXCLUSION |
| 17-517 | - 0517 PUBLIC ENTITY IMMUNITY AND TORT CAP PRESERVATION |
| CG2170 | - 0115 CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM |
| CG2176 | - 0115 EXCLUSION OF PUNITIVE DAMAGES |
| IL0021 | - 0702 NUCLEAR ENERGY LIABILITY EXCLUSION (BROAD FORM) |
| 17-59 | - 0694 DECLARATIONS EXTENSION |

Countersigned: By _____
Authorized Representative Date

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

Includes copyrighted material of Insurance Services Office, Inc. with its permission. Copyright, Insurance Services Office, Inc. 1982,1983, 1984, 1985.

Date Issued: 11/19/2020

Forming a part of

| | |
|--|---|
| Policy Number: CBP 8526587 | |
| Coverage Is Provided In THE NETHERLANDS INSURANCE COMPANY-A STOCK COMPANY | |
| Named Insured: ACADEMY OF DOVER | Agent: L & W INSURANCE |
| | Agent Code: 5290824 Agent Phone: (302)-674-3500 |

**DECLARATIONS EXTENSION
STOP GAP EMPLOYERS LIABILITY 22-162 (05 10)
COVERAGE ENDORSEMENT**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

SCHEDULE

Limits of Insurance

**Bodily Injury By Accident
\$1,000,000 Each Accident**

**Bodily Injury by Disease
\$1,000,000 Aggregate Limit**

**Bodily Injury by Disease
\$1,000,000 Each Employee**

**State or Territory
DE**

(If no entry appears above, the information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

**A. The following is added to Section I -
Coverages:**

COVERAGE - STOP GAP - EMPLOYERS LIABILITY

1. Insuring Agreement

DECLARATIONS EXTENSION (continued)

a. We will pay those sums that the insured becomes legally obligated by law to pay as damages because of "bodily injury by accident" or "bodily injury by disease" to your "employee" 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 accident and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III - Limits Of Insurance; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under this coverage. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments.

b. This insurance applies to "bodily injury by accident" or "bodily injury by disease" only if:

- (1) The:
 - (a) "Bodily injury by accident" or "bodily injury by disease" takes place in the "coverage territory";
 - (b) "Bodily injury by accident" or "bodily injury by disease" arises out of and in the course of the injured "employee's" employment by you; and
 - (c) "Employee", at the time of the injury, was covered under a worker's compensation policy and subject to a "workers compensation law"; and

NEW BUSINESS

Forming a part of

Policy Number: CBP 8526587

Coverage Is Provided In THE NETHERLANDS INSURANCE COMPANY-A STOCK COMPANY

**Named Insured:
ACADEMY OF DOVER**

**Agent:
L & W INSURANCE**

Agent Code: 5290824

Agent Phone: (302)-674-3500

DECLARATIONS EXTENSION (continued)

(2) The:

(a) "Bodily injury by accident" is caused by an accident that occurs during the policy period; or

(b) "Bodily injury by disease" is caused by or aggravated by conditions of employment by you and the injured "employee's" last day of last exposure to the conditions causing or aggravating such "bodily injury by disease" occurs during the policy period.

(c) The damages we will pay, where recovery is permitted by law, include damages:

(1) For:

(a) Which you are liable to a third party by reason of a claim or "suit" against you by that third party to recover the damages claimed against such third party as a result of injury to your "employee";

(b) Care and loss of services; and

(c) Consequential "bodily injury by accident" or "bodily injury by disease" to a spouse, child, parent, brother or sister of the injured

"employee";

provided that these damages are the direct consequence of "bodily injury by accident" or "bodily injury by disease" that arises out of and in the course of the injured "employee's" employment by you; and

- (2) Because of "bodily injury by accident" or "bodily injury by disease" to your "employee" that arises out of and in the course of employment, claimed against you in a capacity other than as employer.

2. Exclusions

This insurance does not apply to:

a. Intentional Injury

"Bodily injury by accident" or "bodily injury by disease" intentionally caused or aggravated by you, or "bodily injury by accident" or "bodily injury by disease" resulting from an act which is determined to have been committed by you if it was reasonable to believe that an injury is substantially certain to occur.

b. Fines Or Penalties

Any assessment, penalty, or fine levied by any regulatory inspection agency or authority.

c. Statutory Obligations

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

d. Contractual Liability

Liability assumed by you under any

Forming a part of

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DECLARATIONS EXTENSION (continued)

contractor agreement.

e. Violation Of Law

"Bodily injury by accident" or "bodily injury by disease" suffered or caused by any employee while employed in violation of law with your actual knowledge or the actual knowledge of any of your "executive officers".

f. Termination, Coercion Or Discrimination

Damages arising out of coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against or termination of any "employee", or arising out of other employment or personnel decisions concerning the insured.

g. Failure To Comply With "Workers Compensation Law"

"Bodily injury by accident" or "bodily injury by disease" to an "employee" when you are:

- (1) Deprived of common law defenses; or
- (2) Otherwise subject to penalty; because of your failure to secure your obligations or other failure to comply with any "workers compensation law".

h. Violation Of Age Laws Or Employment Of Minors

"Bodily injury by accident" or "bodily injury by disease" suffered or caused by any person:

- (1) Knowingly employed by you in violation of any law as to age; or
- (2) Under the age of 14 years, regardless of any such law.

i. Federal Laws

Any premium, assessment, penalty, fine, benefit, liability or other obligation imposed by or granted pursuant to:

- (1) The Federal Employer's Liability Act (45 USC Section 51-60);
- (2) The Non-appropriated Fund Instrumentalities Act (5 USC Sections 8171-8173);
- (3) The Longshore and Harbor Workers' Compensation Act (33 USC Sections 910-950);
- (4) The Outer Continental Shelf Lands Act (43 USC Section 1331-1356);
- (5) The Defense Base Act (42 USC Sections 1651-1654);
- (6) The Federal Coal Mine Health and Safety Act of 1969 (30 USC Sections 901-942);
- (7) The Migrant and Seasonal Agricultural Worker Protection Act (29 USC Sections 1801-1872);
- (8) Any other workers compensation, unemployment compensation or disability laws or any similar law; or

NEW BUSINESS

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DECLARATIONS EXTENSION (continued)

(9) Any subsequent amendments to the laws listed above.

j. Punitive Damages

Multiple, exemplary or punitive damages.

k. Crew Members

"Bodily injury by accident" or "bodily injury by disease" to a master or member of the crew of any vessel or any member of the flying crew of an aircraft.

B. The Supplementary Payments provisions apply to Coverage - Stop Gap Employers Liability as well as to Coverages A and B.

C. For the purposes of this endorsement, Section II - Who Is An Insured, is replaced by the following:

If you are designated in the Declarations as:

- 1. 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.**
- 2. 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.**

3. 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.

4. 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.

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. For the purposes of this endorsement, Section III Limits Of Insurance, is replaced by the following:

1. The Limits of Insurance shown in the Schedule of this endorsement 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 "Bodily Injury By Accident" - Each Accident Limit shown in the Schedule of this endorsement is the most we will pay for all damages covered by this insurance because of "bodily injury by accident" to one or more "employees" in any one accident.

3. The "Bodily Injury By Disease" - Aggregate

NEW BUSINESS

Forming a part of

Policy Number: CBP 8526587

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Named Insured:

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DECLARATIONS EXTENSION (continued)

Limit shown in the Schedule of this endorsement is the most we will pay for all damages covered by this insurance and arising out of "bodily injury by disease", regardless of the number of "employees" who sustain "bodily injury by disease".

4. Subject to Paragraph D.3. of this endorsement, the "Bodily Injury By Disease" - Each "Employee" Limit shown in the Schedule of this endorsement is the most we will pay for all damages because of "bodily injury by disease" to any one "employee".

The limits of the coverage 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. For the purposes of this endorsement, Condition 2. - Duties In The Event Of Occurrence, Claim Or Suit of the Conditions Section IV is deleted and replaced by the following:

2. Duties In The Event Of Injury, Claim or Suit

- a. You must see to it that we or our agent are notified as soon as practicable of a "bodily injury by accident" or "bodily

DECLARATIONS EXTENSION (continued)

injury by disease" which may result in a claim. To the extent possible, notice should include:

- (1) How, when and where the "bodily injury by accident" or "bodily injury by disease" took place;**
- (2) The names and addresses of any injured persons and witnesses; and**
- (3) The nature and location of any injury.**

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 injury, claim, proceeding or "suit";**
- (2) Authorize us to obtain records and other information;**
- (3) Cooperate with us and assist us, as we may request, in the investigation or settlement of the claim or defense against the "suit";**
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury to which this insurance may also apply; and**

NEW BUSINESS

Forming a part of

Policy Number: CBP 8526587

Coverage Is Provided In THE NETHERLANDS INSURANCE COMPANY-A STOCK COMPANY

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L & W INSURANCE**

Agent Code: 5290824

Agent Phone: (302)-674-3500

DECLARATIONS EXTENSION (continued)

(5) Do nothing after an injury occurs that would interfere with our right to recover from others.

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.

F. For the purposes of this endorsement, Paragraph 4. of the Definitions Section is replaced by the following:

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 a. above; or

c. All other parts of the world if the injury or damage arises out of the activities of a person whose home is in the territory described in a. above, but who is away for a short time on your business; provided the insured's responsibility to pay damages is determined in the United States (including its territories and possessions), Puerto Rico, or Canada, in a

DECLARATIONS EXTENSION (continued)

suit on the merits according to the substantive law in such territory, or in a settlement we agree to.

G. The following are added to the Definitions Section:

1. "Workers Compensation Law" means the Workers Compensation Law and any Occupational Disease Law of each state or territory named in the Schedule of this endorsement.

This does not include provisions of any law providing non-occupational disability benefits.

2. "Bodily injury by accident" means bodily injury, sickness or disease sustained by a person, including death, resulting from an accident. A disease is not "bodily injury by accident" unless it results directly from "bodily injury by accident".

3. "Bodily injury by disease" means a disease sustained by a person, including death. "Bodily injury by disease" does not include a disease that results directly from an accident.

H. For the purposes of this endorsement, the definition of "bodily injury" does not apply.

Date Issued:11/19/2020

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DELAWARE CHANGES – TERMINATION PROVISIONS

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART

A. With respect to the:

Farm Property-Farm Dwellings, Appurtenant Structures and Household Personal Property Coverage Form; Commercial Property Coverage Part; and Capital Assets Program (Output Policy) Coverage Part;

if the policy covers a building that contains no more than 4 dwelling units, one of which is the insured's principal place of residence, or covers the insured's household personal property in a residential building, the following applies:

1. Paragraph **2.** of the **Cancellation Common Policy Condition** is replaced by the following:
 2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation along with the reasons for cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.

After coverage has been in effect for more than 60 days or after the effective date of a renewal of this policy, no notice of cancellation will be issued by us unless it is based on at least one of the following reasons:

- (1) Nonpayment of premium;
- (2) Discovery of fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy, or in presenting a claim under the policy;
- (3) Discovery of willful or reckless acts or omissions on your part that increase any hazard insured against;
- (4) The occurrence of a change in the risk that substantially increases any hazard insured against after insurance coverage has been issued or renewed;
- (5) A violation of any local fire, health, safety, building, or construction regulation or ordinance with respect to any covered property or its occupancy that substantially increases any hazard insured against;
- (6) A determination by the Insurance Commissioner that the continuation of the policy would place us in violation of the Delaware insurance laws; or
- (7) Real property taxes owing on the insured property have been delinquent for two or more years and continue delinquent at the time notice of cancellation is issued.

2. The following Condition is added:

NONRENEWAL

- a. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured, at least 30 days before the expiration date, or the anniversary date if this is a policy written for a term of more than one year or with no fixed expiration date.
- b. Any notice of nonrenewal will include the reason(s) for nonrenewal and will be mailed or delivered to the first Named Insured at the last mailing address known to us.
- c. If notice is mailed, proof of mailing will be sufficient proof of notice.

3. If Cancellation Changes **CP 02 99** is attached to the Commercial Property Coverage Part, Paragraph **E.2.** of that form is replaced by the following:

- 2. Pay property taxes that are owing and have been outstanding for more than two years 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. With respect to the:

- CAPITAL ASSETS PROGRAM COVERAGE FORM (OUTPUT POLICY)
- COMMERCIAL GENERAL LIABILITY COVERAGE FORM;
- COMMERCIAL PROPERTY – LEGAL LIABILITY COVERAGE FORM;
- COMMERCIAL PROPERTY – MORTGAGE HOLDER'S ERRORS AND OMISSIONS COVERAGE FORM;
- EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE FORM;
- FARM LIABILITY COVERAGE FORM;
- LIQUOR LIABILITY COVERAGE FORM;
- POLLUTION LIABILITY COVERAGE FORM;
- PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE FORM; and
- PROFESSIONAL LIABILITY COVERAGE FORM;

the following Condition is added and supersedes any other condition to the contrary:

NONRENEWAL

- 1. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured, at least 60 days before the expiration date, or the anniversary date if this is a policy written for a term of more than one year or with no fixed expiration date.
- 2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured at the last mailing address known to us.
- 3. If notice of nonrenewal is mailed, it will be sent by certified mail.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALCULATION OF PREMIUM

This endorsement modifies insurance provided under the following:

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

The following is added:

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CAP ON LOSSES FROM CERTIFIED ACTS OF
TERRORISM**

This endorsement modifies insurance provided under the following:

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

A. Cap On Certified Terrorism Losses

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

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

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

B. Application Of Exclusions

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**PUBLIC ENTITY IMMUNITY AND TORT CAP PRESERVATION
ENDORSEMENT**

This endorsement modifies all policies and endorsements providing liability coverage, including, but not limited to, the following:

COMMERCIAL AUTO COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
EMPLOYMENT PRACTICES LIABILITY COVERAGE PART
LAW ENFORCEMENT LIABILITY COVERAGE PART
LAW ENFORCEMENT PROFESSIONAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
PUBLIC OFFICIALS LIABILITY COVERAGE PART
SCHOOL LEADERS ERRORS AND OMISSIONS LIABILITY COVERAGE PART
SEXUAL MISCONDUCT OR MOLESTATION LIABILITY COVERAGE PART

With respect to the amendments to the Coverage Parts made by this endorsement, the provisions of the Coverage Parts apply unless modified by this endorsement.

In consideration of our agreement to issue this policy for the premium charged:

A. The following is added to the **Insuring Agreement** or **Coverage** section as applicable:

The procurement of this insurance does not:

1. Waive or otherwise limit any immunity, defense or limitation on liability or damages available pursuant to "Immunity or Tort Cap Law"; or
2. Expand or increase the liability of any individual or entity beyond the liability that such individual or entity would be subject to if you had not procured this insurance.

B. The following exclusion is added:

To the fullest extent allowed by law, this insurance does not apply to any "Public Entity Liability" for which any insured would otherwise be immune or have no liability pursuant to an "Immunity or Tort Cap Law".

C. The following is added to the **Limits of Insurance** section:

1. For any "Public Entity Liability" for which an insured is not fully immune pursuant to "Immunity or Tort Cap Law", but instead is subject to limits or caps pursuant to any applicable "Immunity or Tort Cap Law", this policy will pay no more than the applicable federal or state law limit or cap, subject to the applicable Limits of Insurance shown on the Declarations page or applicable schedule of this policy.
2. For any "Public Entity Liability" for which an insured is neither fully immune pursuant to "Immunity or Tort Cap Law", nor subject to limits or caps pursuant to "Immunity or Tort Cap Law", the Limits of Liability apply as shown on the Declarations page or applicable schedule of this policy.

D. For the purposes of this endorsement the following definition is added:

"Immunity or Tort Cap Law" means any common law, or federal or state law, including, but not limited to, sovereign immunity or governmental immunity provided by common law or by any applicable federal or state tort claims act.

"Public Entity Liability" means any liability, damages, loss, injury, demand, claim, or suit as may be defined or used in any applicable Coverage Part.

COMMON POLICY CONDITIONS

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

A. Cancellation

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

B. Changes

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

C. Examination Of Your Books And Records

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

D. Inspections And Surveys

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

E. Premiums

The first Named Insured shown in the Declarations:

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

F. Transfer Of Your Rights And Duties Under This Policy

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

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

Forming a part of

Policy Number: CBP 8526587

Coverage Is Provided In THE NETHERLANDS INSURANCE COMPANY-A STOCK COMPANY

Named Insured:

ACADEMY OF DOVER

Agent:

L & W INSURANCE

Agent Code: 5290824

Agent Phone: (302)-674-3500

COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS

DESCRIPTION OF PREMISES

| Prem. No. | Bldg. No. | Location Occupancy, Construction/Fire Protection |
|-----------|-----------|---|
| 1 | 1 | 104-106 SALISBURY ROAD DOVER DE 19904 ACADEMY OF DOVER FRAME |

COVERAGES PROVIDED:

Insurance at the described premises applies only for coverages for which a limit of insurance is shown or for which an entry is made. (The Coinsurance column reflects Coinsurance %, Extra Expense %, Limits on Loss Payment or Value Reporting Symbol.)

| Prem. No. | Bldg. No. | Coverage | Limit of Insurance | Causes of Loss Form | Coinsurance |
|-----------|-----------|--|--------------------|---------------------|-------------|
| 1 | 1 | YOUR BUSINESS PERSONAL PROPERTY | \$ 708,850 | SPECIAL | 100% |
| 1 | 1 | BUSINESS INCOME AND EXTRA EXPENSE OTHER THAN "RENTAL VALUE" | \$ 1,500,000 | SPECIAL | 100% |

OPTIONAL COVERAGES:

| Prem. No. | Bldg. No. | Coverage | Agreed Value Amount Expiration Date | Replacement Cost | Inflation Guard |
|-----------|-----------|---------------------------------|--|------------------|-----------------|
| 1 | 1 | YOUR BUSINESS PERSONAL PROPERTY | \$ 708,850 11/16/21 | INCLUDED | |

* Replacement cost for Your Business Personal Property also applies to Stock if an asterisk (*) is present.

DEDUCTIBLE: \$ 2,500

MORTGAGE HOLDERS: NONE

FORMS AND ENDORSEMENTS

Forms and Endorsements applying to this Coverage Part and made part of this policy:

| Form Number | Description |
|---------------|---|
| 42-62 - 0703 | PROPERTY EXTENSION ENDORSEMENT |
| CF175 - 0186 | QUICK REFERENCE-COMMERCIAL PROPERTY COVERAGE PART |
| CP0010 - 0402 | BUILDING AND PERSONAL PROPERTY COVERAGE FORM |

21-7 (07/03)

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FORMS AND ENDORSEMENTS

Forms and Endorsements applying to this Coverage Part and made part of this policy:

| Form Number | Description |
|---------------|---|
| CP0030 - 0402 | BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM |
| CP0090 - 0788 | COMMERCIAL PROPERTY CONDITIONS |
| CP0140 - 0706 | EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA |
| CP0299 - 1185 | CANCELLATION CHANGES |
| CP1030 - 0402 | CAUSES OF LOSS - SPECIAL FORM |
| IL0237 - 0702 | DELAWARE CHANGES-TERMINATION PROVISIONS |

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Date Issued: 11/19/2020

Policy Number: CBP 8526587

Coverage Is Provided In THE NETHERLANDS INSURANCE COMPANY-A STOCK COMPANY

Named Insured:
ACADEMY OF DOVERAgent:
L & W INSURANCE

Agent Code: 5290824

Agent Phone: (302)-674-3500

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**VIOLENT EVENT RESPONSE COVERAGE FOR SCHOOLS**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

| | | |
|--|----|---------|
| Aggregate Limit – Response Expenses and Loss | \$ | 300,000 |
| Each Violent Event Limit – Response Expenses and Loss | \$ | 300,000 |
| Each Person Limit – Loss | \$ | 25,000 |
| Each Person Limit – Death Benefits | \$ | 15,000 |

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

A. COVERAGEThe following Violent Event Response Coverage is added to **SECTION I – COVERAGES:****COVERAGE D VIOLENT EVENT RESPONSE COVERAGE****1. Insuring Agreement****a. Response Expenses**

We will pay your “response expenses” that result from a “violent event” to which this insurance applies but only if the “response expenses” are incurred and reported to us within one year of the “violent event”.

b. Loss

We will pay “loss” that results from a “violent event” to which this insurance applies but only if:

- (1)** The “loss” is incurred and reported to us within one year of the “violent event”; and
- (2)** For “death benefits”, we receive a death certificate, or other evidence of death acceptable to us, within one year of the “violent event”.

- c.** The amount we will pay under paragraphs **a.** and **b.** above is limited as described in **SECTION – III LIMITS OF INSURANCE**. No other obligation or liability to pay sums or perform acts or services is covered.

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2. This insurance applies to a “violent event” only if the “violent event”:
 - a. Commences during the policy period; and
 - b. Takes place in the “coverage territory” on premises that you own or lease, or during activities that you sponsor.

3. Exclusions

This insurance does not apply to:

a. War

“Response expenses” or “loss” arising directly or indirectly out of:

- (1) War, including undeclared or civil war; or
- (2) Warlike action by a military force, including action in hindering or defending against an actual or threatened 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.

b. Nuclear, Biological Or Chemical Events

“Response expenses” or “loss” arising directly or indirectly out of:

- (1) A “violent event” that is carried out by means of dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
- (2) A release of radioactive material, and it appears that one purpose of the “violent event” was to release such material; or
- (3) A “violent event” is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- (4) A release of pathogenic or poisonous biological or chemical materials, and it appears that one purpose of the “violent event” was to release such materials.

c. Sexual Misconduct And Molestation

“Response expenses” or “loss” arising directly or indirectly out of:

- (1) Any actual or alleged sexual misconduct or sexual molestation of any person; and
- (2) Any allegations relating thereto that:
 - (a) An insured negligently employed, investigated, trained, supervised, reported to proper authorities or failed to so report, or retained a person whose conduct would be excluded by (a) above, or
 - (b) Are based on an alleged practice, custom or policy, including but not limited to any allegation that a person’s civil rights have been violated.

d. Suicide Or Self-Inflicted Injury

“Death benefits” for an insured who commits suicide, attempts suicide, or intentionally self-inflicts injury, while sane or insane.

e. Defense Of A Claim

The defense of a claim or “suit” against an insured for liability arising out of a “violent event”.

f. Third Party Damages, Fines And Penalties

Any compensatory damages, fines, penalties, punitive or exemplary or other non-compensatory damages imposed upon the insured.

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g. Pollution

“Response expenses” or “loss” arising directly or indirectly out of any:

- (1) Request, demand, order, 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”.

h. Asbestos

“Response expenses” or “loss” arising directly or indirectly 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 asbestos, asbestos contained in goods, products or materials, asbestos fibers or asbestos dust; 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 asbestos, asbestos contained in goods, products or materials, asbestos fibers or asbestos dust.

i. Lead

“Response expenses” or “loss” arising directly or indirectly 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 lead or lead contained in goods, products or materials; 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 lead or lead contained in goods, products or materials.

j. Silica

“Response expenses” or “loss” arising directly or indirectly 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 silica in any form or any substance containing silica, either alone, or in combination with other substances or factors, whether included in a product or otherwise; 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 silica in any form or any substance containing silica, either alone, or in combination with other substances or factors, whether included in a product or otherwise.

k. Fungi Or Bacteria

“Response expenses” or “loss” arising directly or indirectly out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, fungi or bacteria, by any insured or by any other person or entity. For the purpose of this exclusion, fungi means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.

l. Workers Compensation And Similar Laws

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

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m. Aircraft, Watercraft, Motorized Vehicles Or Equipment

“Response expenses” or “loss” arising out of the ownership, maintenance or use of any motorized vehicle or equipment, including, but not limited to, any aircraft, watercraft, “auto”, recreational vehicle, snowmobile, motorcycle, motorbike, golf cart, or self-propelled “mobile equipment”.

n. Perpetrators

Any perpetrator(s) of, or any person participating in the planning or execution of, any “violent event”.

o. Governmental Services

“Response expenses” for any services provided by a governmental entity. This exclusion does not apply to services that are customarily charged to the public.

B. WHO IS AN INSURED

For the purposes of coverage afforded under this endorsement, **SECTION II – WHO IS AN INSURED** is replaced by the following:

1. You.
2. Each of the following is also an insured:
 - a. Your “volunteer workers” or your “employees”;
 - b. Any of your trustees or members of your Board of Governors, if you are a private charitable or educational institution;
 - c. Any of your board members or commissioners, if you are a public board or commission;
 - d. Any of your graduate teaching assistants or your student teachers;
 - e. Any of your students; or
 - f. Any parent support group and their members, if they have been specifically authorized by you.
3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
 - a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier; and
 - b. Coverage does not apply to a “violent event” that commenced before you acquired or formed the organization.

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

C. LIMITS OF INSURANCE

For the purposes of coverage afforded under this endorsement, **SECTION III – LIMITS OF INSURANCE** is replaced by the following:

1. The Limits of Insurance shown in the Schedule of this endorsement and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds; or
 - b. Claims made; or
 - c. Perpetrators; or
 - d. The number of policy periods over which the “violent event” takes place. If the “violent event” takes place over more than one policy period, the limits of insurance applicable when the “violent event” first commenced will apply.
2. The Aggregate Limit – Response Expenses and Loss is the most we will pay for the sum of all “response expenses” and “loss” arising out of all “violent events”.

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3. Subject to 2. above, the Each Violent Event Limit – Response Expenses and Loss is the most we will pay for the sum of all “response expenses” and “loss” arising out of any one “violent event”.
4. Subject to 3. above, the Each Person Limit – Loss is the most we will pay for the sum of all “loss” because of injury or death sustained by any one insured.
5. Subject to 4. above, the Each Person Limit – Death Benefits is the most we will pay for “death benefits” because of death sustained by any one insured.
6. 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, 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.
7. If it is likely that the Aggregate Limit – Response Expenses and Loss, or the Each Violent Event Limit – Response Expenses and Loss, will be exhausted before all “response expenses” or “loss” are paid:
 - a. “Response expenses” and “loss” stemming from a single “violent event” will be prioritized and payable in the following order:
 - (1) Death benefits;
 - (2) Medical expenses;
 - (3) Funeral expenses;
 - (4) Personal counseling services for an insured who has sustained “serious bodily injury” or was held as a “hostage”;
 - (5) Personal counseling services for the immediate family of an insured who has sustained “serious bodily injury” or was held as a “hostage”;
 - (6) Group counseling services;
 - (7) “Loss of income”;
 - (8) “Wages” of temporary personnel;
 - (9) Rental of comparable substitute premises;
 - (10) Additional expense for the transportation of your students;
 - (11) Security services; and
 - (12) Public relations consultant and related media and communication costs.
 - b. “Violent events” will be recognized in the order that they are reported to us in accordance with condition 2. **Duties In The Event Of A Violent Event** under **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS**.
 - c. “Response expenses” and “loss” arising from a “violent event” will be paid in the order that they are reported to us in accordance with condition 2. **Duties In The Event Of A Violent Event** under **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS**.
 - d. “Response expenses” and “loss” reported on the same day will be pro-rated if a reduction in “response expenses” and “loss” is warranted because the Aggregate Limit or Each Violent Event Limit will be exhausted.

D. CONDITIONS

For the purposes of coverage afforded under this endorsement, **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS** is amended as follows:

1. Condition 2. is replaced by the following:
 2. **Duties In The Event Of A Violent Event**
 - a. You must see to it that we are notified as soon as practicable of a “violent event” which may result in “response expenses” or “loss”. To the extent possible, notice should include:
 - (1) How, when and where the “violent event” took place;

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- (2) The names and addresses of any injured persons and witnesses;
 - (3) The nature and location of any injury arising out of the “violent event”; and
 - (4) Copies of police reports.
- b. You and any other involved insured must:
- (1) Immediately send us copies of pertinent correspondence, demands or service invoices received in connection with “response expenses” or “loss”;
 - (2) Authorize us to obtain records and other information; and
 - (3) Cooperate with us in the investigation of a “violent event”.
2. Condition 4. is replaced by the following:

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under this Violent Event Response Coverage For Schools endorsement, our obligations are limited as follow:

a. Primary Insurance

This insurance is primary except when **b.** below applies. When 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 **c.** below.

b. Excess Insurance

This insurance is excess over any of the other insurance, whether primary, excess, contingent, or on any other basis:

- (1) That is medical expense insurance; or
- (2) That covers rental of comparable substitute premises.

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:

- (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 Schedule of this endorsement

c. 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. The following conditions are added:

Liability Under Other Coverages Or Policies

Payment of “response expenses” or “loss” under this endorsement is not an admission of liability under other coverages provided by this policy or other policies issued to you by us or our affiliates.

Loss Payable

All claims will be payable upon receipt and acceptance by us of the following:

- a. For “death benefits”:

 - (1) A death certificate; or
 - (2) Other evidence of the death.

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- b. For claims for “loss of income”, written documentation provided by the employer of the person sustaining the “loss of income”. If a person is self-employed, then such person must provide tax returns and other necessary records to document their “loss of income”.
- c. For claims for other “loss” and “response expenses”, service invoices or other pertinent documentation.

Concealment or Fraud

We will not provide coverage to you, or any other insured, who at any time:

- a. Engaged in fraudulent conduct; or
- b. Intentionally concealed or misrepresented a material fact concerning a “violent event”, or “loss” or “response expenses” incurred under this endorsement.

E. DEFINITIONS

For the purposes of coverage afforded under this endorsement, **SECTION V – DEFINITIONS** is amended as follows:

1. Under **SECTION V – DEFINITIONS**, definition **19.** is replaced by the following:

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. “Temporary worker” does not include a substitute teacher.

2. The following are added:

- a. “Care provider” means “child”, spouse or “parent” who provides direct care to an insured.
- b. “Child” means a natural child, adopted child, foster child, stepchild or legal ward.
- c. “Death benefits” means an amount payable to the estate of a deceased insured. This does not include medical expenses or funeral expenses.
- d. “Hostages” means persons who are held captive by someone who threatens to inflict “serious bodily injury” and the circumstances of the threat are such that a reasonable person would conclude that the captives are at risk of “serious bodily injury”.
- e. “Loss” means:
 - (1) Reasonable and necessary expenses incurred by or on behalf of the insured for the following:
 - (a) Personal counseling services for up to 90 days after a “violent event” for any insured who has sustained “serious bodily injury” or was held as a “hostage”.
 - (b) Personal counseling services for up to 90 days after a “violent event” for the immediate family of any insured who has sustained “serious bodily injury” or was held as a “hostage”.
 - (c) Medical expenses including:
 - (i) First aid administered at the time of a “violent event”;
 - (ii) Necessary medical, surgical, x-ray and dental services, including physical therapy and prosthetic devices; and
 - (iii) Necessary ambulance (including emergency airlift), hospital and professional nursing services.
 - (d) Funeral expenses for a deceased insured for funeral services, preparation for burial and burial including, but not limited to, payments for any lands, services, supplies and equipment incidental to such funeral services, preparation for burial, and burial.

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(2) Sixty percent of “loss of income” for:

- (a)** An insured who sustains “serious bodily injury”; or
- (b)** An insured held as a “hostage”; or
- (c)** The “care provider” of an insured in provision **(a)** or **(b)** above;

for up to 30 days after the “violent event” and up to a maximum amount of \$3,500.

In the event that another policy, program or plan pays a portion of the “loss of income” but less than sixty percent of the “loss of income”, then we will pay the difference between that portion and the sixty percent of the “loss of income”.

(3) “Death benefits”.

“Loss” does not include any expenses incurred by you.

f. “Loss of income” means loss of actual gross income being paid on the date the person sustained “serious bodily injury” as a result of a “violent event”. “Loss of income” does not include:

- (1)** Any loss after the date on which an injured person dies; or
- (2)** Potential income that may have been received from overtime hours, on-call pay or similar types of compensation; or
- (3)** Compensation for paid sick leave, short-term disability, long-term disability, or family leave that was utilized because of the “serious bodily injury”.

g. “Parent” means a natural parent, foster parent, adoptive parent, stepparent or legal guardian.

h. “Response expenses” means reasonable and necessary expenses incurred by you for the following:

- (1)** Additional expense for the transportation of your students to and from a substitute premises for up to 30 days after a “violent event”.
- (2)** Public relations consultant and related media and communication costs for up to 30 days after a “violent event”.
- (3)** Security services for up to 15 days after a “violent event”.
- (4)** Group counseling services for an insured for up to 60 days after a “violent event”.
- (5)** Rental of comparable substitute premises for up to 30 days after the “violent event”.
- (6)** “Wages” of temporary personnel, hired to replace “employees” who have sustained “serious bodily injury” during a “violent event”, for up to 30 days after the “violent event”. Such “wages” shall not exceed the “wages” received by the “employee” being replaced.

i. “Serious bodily injury” means:

- (1)** Death of a person; or
- (2)** Other physical injury sustained by a person that causes serious impairment of body function, or permanent serious disfigurement. For the purpose of this definition, serious impairment of body function means an objectively manifested impairment of an important body function that affects the person’s general ability to lead her or his normal life.

“Serious bodily injury” does not include emotional or mental injury.

j. “Violent event” means an event that:

- (1)** Is caused by an intentional criminal act or a series of related intentional criminal acts; and
- (2)** Involves the use of a physical object, instrument, device, tool or weapon, other than the human body, for the purpose of injuring any person; and
- (3)** Results in two or more persons, other than the perpetrator, sustaining “serious bodily injury” or being held as “hostages”.

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A “violent event” starts when the first act or the first of a series of related acts begins. A “violent event” ends the earlier of the following times:

(a) When the act is concluded; or

(b) When the last in a series of acts is concluded; or

(c) When the premises have been secured by proper civil authority.

k. “Wages” means compensation you pay an “employee” for his or her work, including the cost of pension or retirement benefit plans or welfare benefit plans.

F. TERRORISM

When a terrorism endorsement is made a part of the Commercial General Liability Coverage Part, any injury or damage excluded by the endorsement is amended to include “response expenses” and “loss”.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROPERTY EXTENSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CAUSES OF LOSS – SPECIAL FORM
CAUSES OF LOSS – BROAD FORM

The following is a summary of increased limits of insurance and additional coverage provided by this endorsement. This endorsement is subject to the provisions of your policy which means that it is subject to all limitations and conditions applicable to this Coverage Part, Coverage Form or Causes of Loss Form unless specifically deleted, replaced, or modified herein. This endorsement is applicable only to those premises described in the Declarations. Coverage for loss of Business Income or Extra Expense does not apply if a loss is covered only as a result of this endorsement.

| <u>Coverage Description</u> | <u>Limit of Insurance</u> |
|--|---------------------------|
| Broadened Premises | Included |
| Real Property of Others Required by Contract | \$ 5,000 |
| Electronic Data | \$ 5,000 |
| Newly Acquired or Constructed Property | 180 days |
| Buildings | \$500,000 |
| Business Personal Property | \$250,000 |
| Personal Effects and Property of Others | \$ 10,000 |
| Valuable Papers and Records (Other Than Electronic Data) | \$ 10,000 |
| Property Off-Premises (Including while in Transit) | \$ 10,000 |
| Outdoor Property | \$ 10,000 |
| Accounts Receivable | \$ 10,000 |
| Arson Reward | \$ 10,000 |
| Back-up of Sewers or Drains | \$ 10,000 |
| Extra Expense | \$ 10,000 |
| Fine Arts | \$ 10,000 |
| Fire Protective Devices | \$ 10,000 |
| Loss of Refrigeration | \$ 10,000 |
| Computer Equipment | \$ 10,000 |
| Laptop/Portable Computers | \$ 5,000 |
| Lock Replacement | \$ 500 |
| Money and Securities | |
| Inside the Premises | \$ 2,500 |
| Outside the Premises | \$ 2,500 |
| Off-Premises Services Interruption | \$ 10,000 |
| Signs (Attached) | \$ 10,000 |
| Special Deductible Provisions | Included |

A. The following changes apply to Section A. **COVERAGE** of the BUILDING AND PERSONAL PROPERTY COVERAGE FORM.

1. Broadened Premises

The **within 100 feet of the described premises** limitation stated in Paragraph **A.1.a.(5)(b), Building**, Paragraph **A.1.b., Your Business Personal Property**, Paragraph **A.1.c.(2), Personal Property of Others** and Paragraph **A.5., Coverage Extensions** is deleted and replaced by **within 1000 feet of the described premises**.

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2. Real Property of Others Required by Contract

The following is added to item **b. Your Business Personal Property** of Paragraph 1. **Covered Property**:

- (8) Real Property coverage including but not limited to building, doors and windows you are responsible for due to contract or lease agreement.

The most we will pay for loss or damage to covered property is \$5,000.

3. Electronic Data

Item **f.(4) Electronic Data** of paragraph 4. **Additional Coverages** is deleted and replaced by the following:

- (4) The most we will pay under this Additional Coverage – Electronic Data is \$5000 for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

4. Newly Acquired or Constructed Property

Item **a. Newly Acquired or Constructed Property** of Paragraph 5. **Coverage Extensions** is deleted and replaced by the following:

(1) Buildings

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

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

The most we will pay for loss or damage under this Extension is \$500,000 at each building.

(2) Your Business Personal Property

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

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

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(b) This Extension does not apply to:

- (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
- (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period Of Coverage

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following occurs:

- (a) This policy expires;
- (b) 180 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.

5. Personal Effects and Property of Others

Item **b. Personal Effects and Property of Others** of Paragraph **5. Coverage Extensions** is amended as follows:

The most we will pay for loss or damage under this Extension is \$10,000 at each described premises. Our payment for loss of or damage to personal property of others (including property of others held by you on consignment) will only be for the account of the owner of the property.

6. Valuable Papers and Records (Other Than Electronic Data)

Item **c.(4) Valuable Papers and Records (Other Than Electronic Data)** of Paragraph **5. Coverage Extensions** is deleted and replaced by the following:

- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$10,000 at each described premises. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and therefore coverage of such costs is not additional insurance.

7. Property Off-Premises

Item **d. Property Off-Premises** of Paragraph **5. Coverage Extensions** is deleted and replaced by the following:

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises if it is:
 - (a) Temporarily at a location you do not own, lease or operate;
 - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or

(c) At any fair, trade show or exhibition.

This Extension applies only if loss or damage is caused by a Covered Cause of Loss.

(2) You may extend the insurance provided by this Coverage Form to apply to your personal property in transit more than 1,000 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory. Loss or damage must be caused by or result from one of the following causes of loss:

(a) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.

(b) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. Collision does not mean the vehicle's contact with the roadbed.

(c) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible signs of forced entry.

(3) The most we will pay for loss or damage under this Extension is \$10,000.

8. Outdoor Property

Item **e. Outdoor Property** of Paragraph 5. **Coverage Extensions** is deleted and replaced by the following:

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, lighting, lighting standards, radio and television antennas, satellite dish, signs (other than signs attached to buildings), playground equipment, scoreboards, trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the Covered Causes of Loss.

The most we will pay for loss or damage under this Extension is \$10,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or numbers of items lost or damaged in that occurrence.

9. The following are added to Paragraph 5. **Coverage Extensions**:

g. Accounts Receivable

We will pay:

(1) All amounts due from your customers that you are unable to collect;

(2) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;

(3) Collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage; and

(4) Other reasonable expenses that you incur to re-establish your records of accounts receivable;

that result from a Covered Cause of Loss to your records of accounts receivable.

The most we will pay for loss under this Extension is \$10,000.

h. Arson Reward

We will pay on behalf of the insured up to \$10,000 for information which leads to an arson conviction in connection with a fire loss covered under this Coverage Form. Regardless of the number of persons involved in providing information, our liability under this Coverage Extension will not be increased.

i. Back-Up of Sewers or Drains

We cover direct physical loss or damage caused by water:

- (1) which backs up through sewers or drains; or
- (2) which enters into and overflows from within a sump pump, sump pump well or other type of system designed to remove subsurface water which is drained from the foundation area.

This coverage does not apply if the loss or damage is caused by your negligence.

The most we will pay for loss or damage under this Coverage Extension is \$10,000.

j. Extra Expense

We will pay the actual and necessary Extra Expense you sustain due to direct physical loss of or damage to property at premises which are described in the Declarations, including personal property in the open or in a vehicle, within 1,000 feet of the premises. The loss or damage must be caused by or resulting from a Covered Cause of Loss.

If you are a tenant, your premises is the portion of the building which you rent, lease or occupy, including:

- (i) All routes within the building to gain access to the described premises; and
- (ii) Your personal property in the open (or in a vehicle) within 1,000 feet.

The following definitions are added as respects this Coverage Extension:

- (1) Extra Expense means necessary expenses you incur during the period of restoration that you would not have incurred if there had been no direct physical loss or damage:
 - (a) To avoid or minimize the suspension of business and to continue operations:
 - 1. At the described premises; or
 - 2. At replacement premises or at temporary locations, including:
 - A. Relocation expenses; or
 - B. Costs to equip and operate the replacement or temporary locations.
 - (b) To minimize the suspension of business if you cannot continue operations.
 - (c)
 - 1. To repair or replace any property; or
 - 2. To research, replace or restore the lost information on damaged valuable papers and records;

to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Extension.

(2) Operations mean the type of your business activities occurring at the described premises.

(3) Period of Restoration means the period of time that:

(a) Begins with the date of direct physical loss or damage caused by or resulting from a 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 does not include any increased period required due to the enforcement of 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.

The most we will pay for loss under this Coverage Extension is \$10,000.

k. Fine Arts

You may extend the insurance that applies to your Business Personal Property to apply to your fine arts and fine arts owned by others that are in your care, custody or control.

This Extension does not apply to loss or damage caused by or resulting from:

- (1) While fine arts are at any fair or on exhibition;
- (2) Any repairing, restoration or retouching process;
- (3) Insects, birds, rodents or other animals;
- (4) Wear and tear;
- (5) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in the property that causes it to damage or destroy itself;
- (6) Breakage of art glass windows, statuary, marbles, glassware, bric-a-brac, porcelains and similar fragile articles. But we will pay for loss or damage caused directly by fire, lightning, aircraft, theft or attempted theft, cyclone, tornado, windstorm, explosion, vandalism, or by accident to the vehicle carrying the property.

The most we will pay for loss or damage under this Extension is \$10,000.

l. Fire Protective Devices

You may extend the insurance provided by this Coverage Form to apply to recharging or refilling of your fire protective devices that are permanently installed in buildings at the described premises when such devices have been discharged by accident or after being used in fighting a fire. This Extension does not apply to periodic recharge or refilling.

The most we will pay under this Extension is \$10,000 for each separate 12-month period of this policy.

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m. Loss of Refrigeration

You may extend the insurance provided by this Coverage Form to apply to direct physical loss of or damage to property owned by you and used in your business or owned by others and in your care, custody or control, contained in any refrigeration or cooling apparatus or equipment resulting from:

- (1) The fluctuation or total interruption of electrical power, either on or off the described premises, due to conditions beyond your control; or
- (2) Mechanical failure of any refrigeration or cooling apparatus or equipment (on premises).

The most we will pay for loss or damage under this Extension is \$10,000.

n. Computer Equipment

You may extend the insurance that applies to your Business Personal Property to apply to loss or damage to "computer equipment" owned by you or similar property of others in your care, custody or control for which you are legally liable, caused by a Covered Cause of Loss.

You may extend the insurance that applies to your Business Personal Property to apply to loss or damage to "laptop/portable computers" owned by you and in your care, custody and control or in the care, custody or control of your employee.

(1) Property Not Covered

We will not cover the following kinds of property under this Extension:

- (a) Property which you rent or lease to others;
- (b) Software or other electronic data ;
- (c) Accounts, bills, evidences of debt, valuable papers, records, abstracts, deeds, manuscripts, program documentation or other documents.
- (d) "Computer equipment" held for sale by you;
- (e) "Computer equipment" of others on which you are performing repairs or work;
- (f) "Computer equipment" that is part of any:
 - (i) Production or processing equipment (such as CAD, CAM or CNC machines);
 - (ii) Equipment used to maintain or service your building (such as heating, ventilating, cooling or alarm systems); or
 - (iii) Communication equipment (such as telephone systems).
- (g) Property that is covered under another coverage form of this or any other policy in which such property is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance.

(2) Property In Transit

We will pay for your "computer equipment" or "laptop/portable computer" while in transit.

- (3) Section **B. Exclusions, 1.b. Earth Movement** of the CAUSES OF LOSS – SPECIAL FORM, as respects **A.5.n. Computer Equipment**, is deleted in its entirety.

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- (4) Section **B. Exclusions, 1.e. Utility Services** of the CAUSES OF LOSS – SPECIAL FORM, as respects **A.5.n. Computer Equipment**, is deleted in its entirety.
- (5) Section **B. Exclusions, 1.g. Water** of the CAUSES OF LOSS – SPECIAL FORM, as respects **A.5.n. Computer Equipment**, is deleted in its entirety.
- (6) The artificially generated electrical current exclusion, Item **B.2.a.** of the CAUSES OF LOSS – SPECIAL FORM, as respects **A.5.n. Computer Equipment**, is deleted in its entirety.
- (7) The mechanical breakdown exclusion, Item **B.2.d.(6)** of the CAUSES OF LOSS – SPECIAL FORM, as respects **A.5.n. Computer Equipment**, is deleted and replaced by the following:
 - (6) Mechanical breakdown, failure or derangement, except:
 - (a) This exclusion does not apply for the accidental loss or damage caused by a resulting fire or explosion.
 - (b) This exclusion does not apply if any of the above is sudden and accidental and manifests itself by physical damage to “computer equipment” which requires repair or replacement.
- (8) Loss Payment will be determined as follows:

“Computer equipment” or “laptop/portable computers”

We will pay the least of the following amounts:

- (i) The cost of reasonably restoring that property to its condition immediately before the loss or damage; or
- (ii) The cost of replacing that property with identical property of comparable material and quality and used for the same purpose.

However, when repair or replacement with identical property is not possible, we will pay the cost to replace that property with similar property capable of performing the same functions.

If not repaired or replaced, the property will be valued at its actual cash value.

“Computer Equipment” means a network of electronic machine components capable of accepting information, processing it according to instructions and producing the results in a desired form.

“Laptop/Portable Computers” means “computer equipment” and accessories that are designed to function with it, that can easily be carried and is designed to be used at more than one location.

The most we will pay for loss or damage to “computer equipment” under this Extension is \$10,000.

The most we will pay under this Extension for loss or damage to “laptop/portable computers” while away from the described premises is \$5,000.

o. Lock Replacement

You may extend the insurance provided by this Coverage Form to apply to replacement of locks necessitated by theft of Covered Property or theft of keys from the described premises.

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

p. Money and Securities

- (1)** You may extend the insurance that applies to Business Personal Property to apply to loss of “money” and “securities” used in your business while at a bank or savings institution, within your living quarters or the living quarters of your partners or any employee having use and custody of the property, at the described premises, or in transit between any of these places, resulting directly from:
 - (a)** Theft, meaning any act of stealing;
 - (b)** Disappearance; or
 - (c)** Destruction.
- (2)** In addition to the Limitations and Exclusions applicable to property coverage, we will not pay for loss:
 - (a)** Resulting from accounting or arithmetical errors or omissions;
 - (b)** Due to the giving or surrendering of property in any exchange or purchase; or
 - (c)** Of property contained in any money-operated device unless the amount of “money” deposited in it is recorded by a continuous recording instrument in the device.
- (3)** The most we will pay for loss in any one occurrence is:
 - (a)** \$2,500 for Inside the Premises for “money” and “securities” while:
 - (i)** In or on the described premises; or
 - (ii)** Within a bank or savings institution; and
 - (b)** \$2,500 for Outside the Premises for “money” and “securities” while anywhere else.
- (4)** All loss:
 - (a)** Caused by one or more persons; or
 - (b)** Involving a single act or series of related acts;is considered one occurrence.
- (5)** You must keep records of all “money” and “securities” so we can verify the amount of any loss or damage.
- (6)** “**Money**” means:
 - (a)** Currency, coins and bank notes in current use and having a face value; and
 - (b)** Travelers checks, register checks and money orders held for sale to the public.
- (7)** “**Securities**” means negotiable and non-negotiable 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

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(b) Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

q. Off-Premises Services Interruption

You may extend the insurance provided by this Coverage Form to apply to loss of or damage to Covered Property caused by interruption of service to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the following property not on the described premises:

(1) **Water Supply Services**, meaning the following types of property supplying water to the described premises:

(a) Pumping stations; and

(b) Water mains.

(2) **Communication Supply Services**, meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:

(a) Communication transmission lines, including optic fiber transmission lines;

(b) Coaxial cables; and

(c) Microwave radio relays except satellites.

It does not include above ground communication lines.

(3) **Power Supply Services**, meaning the following types of property supplying electricity, steam or gas to the described premises:

(a) Utility generating plants;

(b) Switching stations;

(c) Substations;

(d) Transformers; and

(e) Transmission lines.

It does not include above ground transmission or distribution lines.

The most we will pay under this Extension is \$10,000.

B. The following change applies to Section C. LIMITS OF INSURANCE:

Signs (Attached)

Section **C. LIMITS OF INSURANCE** is amended as follows:

The most we will pay for loss or damage to outdoor signs attached to buildings is \$10,000 per sign in any one occurrence.

C. The following is added to Section D. **DEDUCTIBLE**:

Special Deductible Provision

We will deduct from any loss or damage under the Coverage Extensions in any one occurrence the Deductible shown in the Declarations or \$500, whichever is less.

This deductible applies to all Coverage Extensions, except for:

- a. Newly Acquired or Constructed Property; and
- e. Outdoor Property

All other terms and conditions of this policy remain unchanged.

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

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

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

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

A. Coverage

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

1. Covered Property

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

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

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

b. Your Business Personal Property 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, consisting of the following unless otherwise specified in the Declarations or on the Your Business Personal Property – Separation of Coverage form:

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

(7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property of Others.

c. Personal Property Of Others that is:

(1) In your care, custody or control; and

(2) Located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

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

2. Property Not Covered

Covered Property does not include:

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

(2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
- (c) Rowboats or canoes out of water at the described premises; or
- (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-Owned Detached Trailers.

q. The following property while outside of buildings:

- (1) Grain, hay, straw or other crops;
- (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants (other than "stock" of trees, shrubs or plants), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

See applicable Causes of Loss Form as shown in the Declarations.

4. Additional Coverages

a. Debris Removal

(1) Subject to Paragraphs (3) and (4), we will pay your expense to remove debris of Covered Property caused by or resulting 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) Extract "pollutants" from land or water; or
- (b) Remove, restore or replace polluted land or water.

(3) Subject to the exceptions in Paragraph (4), the following provisions apply:

- (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
- (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

(4) We will pay up to an additional \$10,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
- (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) 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 \$10,000.

(5) Examples

The following examples assume that there is no coinsurance penalty.

Example #1

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

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

Example #2

| | |
|--------------------------------|-----------------------------|
| Limit of Insurance | \$ 90,000 |
| Amount of Deductible | \$ 500 |
| Amount of Loss | \$ 80,000 |
| Amount of Loss Payable | \$ 79,500 |
| | (\$80,000 – \$500) |
| Debris Removal Expense | \$ 30,000 |
| Debris Removal Expense Payable | |
| | Basic Amount \$ 10,500 |
| | Additional Amount \$ 10,000 |

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 (\$30,000) exceeds 25% of the loss payable plus the deductible (\$30,000 is 37.5% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$30,000 = \$109,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$10,000, the maximum payable under Paragraph **(4)**. Thus the total payable for debris removal expense in this example is \$20,500; \$9,500 of the debris removal expense is not covered.

b. Preservation Of Property

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

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

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for your liability for fire department service charges:

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

No Deductible applies to this Additional Coverage.

d. Pollutant Clean Up And Removal

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

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

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

e. Increased Cost Of Construction

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with enforcement of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in **e.(3)** through **e.(9)** of this Additional Coverage.
- (3) The ordinance or law referred to in **e.(2)** of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises, and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
 - (a) You were required to comply with before the loss, even when the building was undamaged; and
 - (b) You failed to comply with.
- (5) Under this Additional Coverage, we will not pay for:
 - (a) The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
 - (b) Any costs associated with the enforcement of an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.
- (6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of: \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.
- (7) With respect to this Additional Coverage:
 - (a) We will not pay for the Increased Cost of Construction:
 - (i) Until the property is actually repaired or replaced, at the same or another premises; and
 - (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

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

f. Electronic Data

- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered – Electronic Data.
- (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.
- (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage – Electronic Data, subject to the following:
 - (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage – Electronic Data is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage – Electronic Data includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage – Electronic Data.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.
- (4) The most we will pay under this Additional Coverage – Electronic Data is \$2,500 for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

5. Coverage Extensions

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

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

a. Newly Acquired Or Constructed Property

(1) Buildings

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

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

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

(2) Your Business Personal Property

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

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

- (b)** This Extension does not apply to:

- (i)** Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
- (ii)** Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period Of Coverage

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

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

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

b. Personal Effects And Property Of Others

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

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

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

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

- (1)** You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered – Electronic Data.

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

d. Property Off-Premises

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

e. Outdoor Property

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

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

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

f. Non-Owned Detached Trailers

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
 - (a) The trailer is used in your business;
 - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
 - (c) You have a contractual responsibility to pay for loss or damage to the trailer.
- (2) We will not pay for any loss or damage that occurs:
 - (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
 - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.

(3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.

(4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

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

B. Exclusions And Limitations

See applicable Causes of Loss Form as shown in the Declarations.

C. Limits Of Insurance

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

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

The limits applicable to the Fire Department Service Charge and Pollutant Clean Up and Removal Additional Coverages are in addition to the Limits of Insurance.

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

D. Deductible

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

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

Example No. 1:

(This example assumes there is no coinsurance penalty.)

| | |
|-------------------------------|-----------|
| Deductible: | \$ 250 |
| Limit of Insurance – Bldg. 1: | \$ 60,000 |
| Limit of Insurance – Bldg. 2: | \$ 80,000 |
| Loss to Bldg. 1: | \$ 60,100 |
| Loss to Bldg. 2: | \$ 90,000 |

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

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

| |
|----------------------------------|
| \$ 60,100 |
| <u>– 250</u> |
| \$ 59,850 Loss Payable – Bldg. 1 |

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

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

Example No. 2:

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

The Deductible and Limits of Insurance are the same as those in Example No. 1.

Loss to Bldg. 1: \$ 70,000
(exceeds Limit of Insurance plus Deductible)

Loss to Bldg. 2: \$ 90,000
(exceeds Limit of Insurance plus Deductible)

Loss Payable – Bldg. 1: \$60,000
(Limit of Insurance)

Loss Payable – Bldg. 2: \$80,000
(Limit of Insurance)

Total amount of loss payable:
\$140,000

E. Loss Conditions

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

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

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

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

3. Duties In The Event Of Loss Or Damage

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

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

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

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

4. Loss Payment

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

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

(2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;

(3) Take all or any part of the property at an agreed or appraised value; or

(4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.

b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.

d. We will not pay you more than your financial interest in the Covered Property.

e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

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

g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

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

(2) An appraisal award has been made.

5. Recovered Property

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

6. Vacancy

a. Description Of Terms

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

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

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

(i) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or

(ii) Used by the building owner to conduct customary operations.

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

b. Vacancy Provisions

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

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

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

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

7. Valuation

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

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

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property. However, the following property will be valued at the actual cash value even when attached to the building:

- (1) Awnings or floor coverings;
 - (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
 - (3) Outdoor equipment or furniture.
- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
 - d. Glass at the cost of replacement with safety glazing material if required by law.
 - e. Tenant's Improvements and Betterments at:
 - (1) Actual cash value of the lost or damaged property if you make repairs promptly.
 - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.
- If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
- (3) Nothing if others pay for repairs or replacement.

F. Additional Conditions

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

1. Coinsurance

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

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

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

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

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

Example No. 1 (Underinsurance):

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

Step (1): $\$250,000 \times 80\% = \$200,000$

(the minimum amount of insurance to meet your Coinsurance requirements)

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

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

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

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

Example No. 2 (Adequate Insurance):

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

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

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

Example No. 3:

| | | |
|-------|--|-------------------|
| When: | The value of property is: | |
| | Bldg. at Location No. 1 | \$ 75,000 |
| | Bldg. at Location No. 2 | \$ 100,000 |
| | Personal Property at Location No. 2 | \$ 75,000 |
| | | <u>\$ 250,000</u> |
| | The Coinsurance percentage for it is | 90% |
| | The Limit of Insurance for Buildings and Personal Property at Location Nos. 1 and 2 is | \$ 180,000 |
| | The Deductible is | \$ 1,000 |
| | The amount of loss is: | |
| | Bldg. at Location No. 2 | \$ 30,000 |
| | Personal Property at Location No. 2. | \$ 20,000 |
| | | <u>\$ 50,000</u> |

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

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

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

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

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

2. Mortgageholders

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

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

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

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

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

G. Optional Coverages

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

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
 - (1) On or after the effective date of this Optional Coverage; and
 - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

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

Example:

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

3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Loss Condition, Valuation, of this Coverage Form.
- b. This Optional Coverage does not apply to:
 - (1) Personal property of others;
 - (2) Contents of a residence;
 - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
 - (4) "Stock", unless the Including "Stock" option is shown in the Declarations.Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.
- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.

- d. We will not pay on a replacement cost basis for any loss or damage:
 - (1) Until the lost or damaged property is actually repaired or replaced; and
 - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.
 With respect to tenants' improvements and betterments, the following also apply:
 - (3) If the conditions in **d.(1)** and **d.(2)** above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Condition of this Coverage Form; and
 - (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of **(1)**, **(2)** or **(3)**, subject to **f.** below:
 - (1) The Limit of Insurance applicable to the lost or damaged property;
 - (2) The cost to replace the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
 - (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.
 If a building is rebuilt at a new premises, the cost described in **e.(2)** above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.
- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

4. Extension Of Replacement Cost To Personal Property Of Others

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

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

H. Definitions

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

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

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

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

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

A. Coverage

1. Business Income

Business Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

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

- a. Business Income including "Rental Value".
- b. Business Income other than "Rental Value".
- c. "Rental Value".

If option **a.** above is selected, the term Business Income will include "Rental Value". If option **c.** above is selected, the term Business Income will mean "Rental Value" only.

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

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. 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 the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

- a. The portion of the building which you rent, lease or occupy; and
- b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

2. Extra Expense

- a. Extra Expense coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income coverage applies at that premises.
- b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

- (1) Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.
- (2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

3. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes of Loss Form as shown in the Declarations.

4. Additional Limitation – Interruption Of Computer Operations

- a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage – Interruption Of Computer Operations.
- b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage – Interruption Of Computer Operations.
- c. 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. Additional Coverages

a. Civil Authority

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 due to direct physical loss of or damage to property, other than at the described premises, caused by or resulting from any Covered Cause of Loss.

The coverage for Business Income will begin 72 hours after the time of that action and will apply for a period of up to three consecutive weeks after coverage begins.

The coverage for Extra Expense will begin immediately after the time of that action and will end:

- (1) 3 consecutive weeks after the time of that action; or
 - (2) When your Business Income coverage ends;
- whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:
 - (a) Used in the construction, alterations or additions; or
 - (b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

c. Extended Business Income

- (1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (b) Ends on the earlier of:
 - (i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 30 consecutive days after the date determined in (1)(a) above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

- (a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and
- (b) Ends on the earlier of:
 - (i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 30 consecutive days after the date determined in (2)(a) above.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Interruption Of Computer Operations

- (1) Under this Additional Coverage, electronic data has the meaning described under Additional Limitation – Interruption Of Computer Operations.
- (2) 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.
- (3) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:
 - (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage – Interruption Of Computer Operations is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage – Interruption Of Computer Operations includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage – Interruption Of Computer Operations.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.

- (4) The most we will pay under this Additional Coverage – Interruption of Computer Operations is \$2,500 for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.
- (5) This Additional Coverage – Interruption in 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 (4) above has not been exhausted.

6. Coverage Extension

If a Coinsurance percentage of 50% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

Newly Acquired Locations

- a. You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is \$100,000 at each location.
- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
 - (1) This policy expires;
 - (2) 30 days expire after you acquire or begin to construct the property; or
 - (3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

This Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

B. Limits Of Insurance

The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations. The limit applicable to the Coverage Extension is in addition to the Limit of Insurance.

Payments under the following coverages will not increase the applicable Limit of Insurance:

1. Alterations and New Buildings;
2. Civil Authority;
3. Extra Expense; or
4. Extended Business Income.

C. Loss Conditions

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

1. Appraisal

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

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

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

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

2. Duties In The Event Of Loss

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

3. Loss Determination

- a. The amount of Business Income loss will be determined based on:
- (1) The Net Income of the business before the direct physical loss or damage occurred;
 - (2) The likely Net Income of the business if no 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;
 - (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
 - (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers; and
 - (c) Deeds, liens or contracts.
- b. The amount of Extra Expense will be determined based on:
- (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
 - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
 - (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
 - (2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

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

(2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We have reached agreement with you on the amount of loss; or

b. An appraisal award has been made.

D. Additional Condition

Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

We will not pay the full amount of any Business Income loss if the Limit of Insurance for Business Income is less than:

a. The Coinsurance percentage shown for Business Income in the Declarations; times

b. The sum of:

(1) The Net Income (Net Profit or Loss before income taxes), and

(2) Operating expenses, including payroll expenses,

that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).

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

1. Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;

2. Divide the Limit of Insurance for the described premises by the figure determined in Step 1.; and

3. Multiply the total amount of loss by the figure determined in Step 2.

We will pay the amount determined in Step 3. or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

In determining operating expenses for the purpose of applying the Coinsurance condition, the following expenses, if applicable, shall be deducted from the total of all operating expenses:

1. Prepaid freight – outgoing;

2. Returns and allowances;

3. Discounts;

4. Bad debts;

5. Collection expenses;

6. Cost of raw stock and factory supplies consumed (including transportation charges);

7. Cost of merchandise sold (including transportation charges);

8. Cost of other supplies consumed (including transportation charges);

- 9. Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
- 10. Power, heat and refrigeration expenses that do not continue under contract (if Form **CP 15 11** is attached);
- 11. All ordinary payroll expenses or the amount of payroll expense excluded (if Form **CP 15 10** is attached); and
- 12. Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion – not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

Example No. 1 (Underinsurance):

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been \$ 400,000
 The Coinsurance percentage is 50%
 The Limit of Insurance is \$ 150,000
 The amount of loss is \$ 80,000

Step 1: $\$400,000 \times 50\% = \$200,000$
 (the minimum amount of insurance to meet your Coinsurance requirements)

Step 2: $\$150,000 / \$200,000 = .75$

Step 3: $\$80,000 \times .75 = \$60,000$

We will pay no more than \$60,000. The remaining \$20,000 is not covered.

Example No. 2 (Adequate Insurance):

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been \$ 400,000
 The Coinsurance percentage is 50%
 The Limit of Insurance is \$ 200,000
 The amount of loss is \$ 80,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$400,000 \times 50\%$). Therefore, the Limit of Insurance in this Example is adequate and no penalty applies. We will pay no more than \$80,000 (amount of loss).

This condition does not apply to Extra Expense coverage.

E. Optional Coverages

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

1. Maximum Period Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:
 - (1) The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or
 - (2) The Limit of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:
 - (1) The Limit of Insurance, multiplied by
 - (2) The fraction shown in the Declarations for this Optional Coverage.

Example:

| | | |
|-------|---|---------------|
| When: | The Limit of Insurance is | \$ 120,000 |
| | The fraction shown in the Declarations for this Optional Coverage is | |
| | | 1/4 |
| | The most we will pay for loss in each period of 30 consecutive days is: | |
| | \$120,000 x 1/4 = \$30,000 | |
| | If, in this example, the actual amount of loss is: | |
| | Days 1-30 | \$ 40,000 |
| | Days 31-60 | 20,000 |
| | Days 61-90 | <u>30,000</u> |
| | | \$ 90,000 |
| | We will pay: | |
| | Days 1-30 | \$ 30,000 |
| | Days 31-60 | 20,000 |
| | Days 61-90 | <u>30,000</u> |
| | | \$ 80,000 |

The remaining \$10,000 is not covered.

3. Business Income Agreed Value

- a. To activate this Optional Coverage:
 - (1) A Business Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":
 - (a) During the 12 months prior to the date of the Work Sheet; and
 - (b) Estimated for the 12 months immediately following the inception of this Optional Coverage.
 - (2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:
 - (a) The Coinsurance percentage shown in the Declarations; multiplied by
 - (b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.
- b. The Additional Condition, Coinsurance, is suspended until:
 - (1) 12 months after the effective date of this Optional Coverage; or
 - (2) The expiration date of this policy;
 whichever occurs first.
- c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:
 - (1) Within 12 months of the effective date of this Optional Coverage; or
 - (2) When you request a change in your Business Income Limit of Insurance.

d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:

(1) The Business Income Limit of Insurance; divided by

(2) The Agreed Value.

Example:

When: The Limit of Insurance is \$ 100,000
 The Agreed Value is \$ 200,000
 The amount of loss is \$ 80,000

Step (a): \$100,000 / \$200,000 = .50

Step (b): .50 x \$80,000 = \$40,000

We will pay \$40,000. The remaining \$40,000 is not covered.

4. Extended Period Of Indemnity

Under Paragraph A.5.c., Extended Business Income, the number "30" in Subparagraphs (1)(b) and (2)(b) is replaced by the number shown in the Declarations for this Optional Coverage.

F. Definitions

1. "Finished Stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income in the Declarations.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

2. "Operations" means:

a. Your business activities occurring at the described premises; and

b. The tenantability of the described premises, if coverage for Business Income including "Rental Value" or "Rental Value" applies.

3. "Period of Restoration" means the period of time that:

a. Begins:

(1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or

(2) 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

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" does not include any increased period required due to the enforcement of 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".

4. "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.

5. "Rental Value" means Business Income that consists of:
- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and
 - b. Continuing normal operating expenses incurred in connection with that premises, including:
 - (1) Payroll; and
 - (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.
6. "Suspension" means:
- a. The slowdown or cessation of your business activities; or
 - b. That a part or all of the described premises is rendered untenable, if coverage for Business Income including "Rental Value" or "Rental Value" applies.

COMMERCIAL PROPERTY CONDITIONS

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

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

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

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

B. CONTROL OF PROPERTY

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

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

C. INSURANCE UNDER TWO OR MORE COVERAGES

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

D. LEGAL ACTION AGAINST US

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

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

E. LIBERALIZATION

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

F. NO BENEFIT TO BAILEE

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

G. OTHER INSURANCE

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

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

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

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

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

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

This will not restrict your insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

- A.** The exclusion set forth in Paragraph **B.** applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B.** We will not pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.

However, this exclusion does not apply to loss or damage caused by or resulting from “fungus”, wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy.
- C.** With respect to any loss or damage subject to the exclusion in Paragraph **B.**, such exclusion supersedes any exclusion relating to “pollutants”.
- D.** The following provisions in this Coverage Part or Policy are hereby amended to remove reference to bacteria:
 - 1.** Exclusion of “Fungus”, Wet Rot, Dry Rot And Bacteria; and
 - 2.** Additional Coverage – Limited Coverage for “Fungus”, Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage.
- E.** The terms of the exclusion in Paragraph **B.**, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.

QUICK REFERENCE

COMMERCIAL PROPERTY COVERAGE PART

READ YOUR POLICY CAREFULLY

The Commercial Property Coverage Part in your policy consists of Declarations, one or more Coverage Forms, Commercial Property Conditions, Common Policy Conditions and Endorsements, if applicable. Following is a Quick Reference indexing of the principal provisions contained in each of the components making up the Coverage Part, listed in sequential order, except for the provisions in the Declarations which may not be in the sequence shown.

DECLARATIONS

- Named Insured and Mailing Address
- Policy Period
- Description of Business
- Coverage Provided and Limits of Insurance
- Optional Coverages
- Forms and Endorsements applying to the Coverage Part at time of issue

COVERAGE FORM(S)

COVERAGE

- Covered Property (If Applicable)
- Property Not Covered (If Applicable)
- Covered Causes of Loss (If Applicable)
- Additional Coverage (If Applicable)
- Coverage Extensions (If Applicable)

EXCLUSIONS

LIMITS OF INSURANCE

- DEDUCTIBLE (If Applicable)
- LOSS CONDITIONS (If Applicable)
- ADDITIONAL CONDITIONS (If Applicable)
- OPTIONAL COVERAGES (If Applicable)
- DEFINITIONS (If Applicable)

CAUSES OF LOSS FORM (If Applicable)

- Covered Causes of Loss
- Exclusions
- Limitations (If Applicable)
- Additional Coverage (If Applicable)

COMMERCIAL PROPERTY CONDITIONS (CP OO 90)

- Concealment, Misrepresentation and Fraud
- Control of Property
- Insurance Under Two or More Coverages
- Legal Action Against Us
- Liberalization
- No Benefit to Bailee
- Other Insurance
- Policy Period, Coverage Territory
- Transfer of Rights of Recovery Against Others to Us

COMMON POLICY CONDITIONS (IL OO 17)

- Cancellation
- Changes
- Examination of Your Books and Records
- Inspections and Surveys
- Premiums
- Transfer of Your Rights and Duties Under This Policy

ENDORSEMENTS (If Any)

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CANCELLATION CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

The following is added to the CANCELLATION Common Policy Condition:

If any one of the following conditions exists at any building that is Covered Property in this policy, we may cancel this Coverage Part by mailing or delivering to the first Named Insured written notice of cancellation at least 5 days before the effective date of cancellation.

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

1. Seasonal unoccupancy;
2. Buildings in the course of construction, renovation or addition; or
3. Buildings to which the Vacancy Permit endorsement applies.

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

B. After damage by a covered cause of loss, permanent repairs to the building:

1. Have not started, and
 2. Have not been contracted for,
- within 30 days of initial payment of loss.

C. The building has:

1. An outstanding order to vacate;
2. An outstanding demolition order; or
3. Been declared unsafe by governmental authority.

D. 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.

E. Failure to:

1. Furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or
2. 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.

CAUSES OF LOSS – SPECIAL FORM

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

A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means Risks Of Direct Physical Loss unless the loss is:

1. Excluded in Section B., Exclusions; or
 2. Limited in Section C., Limitations;
- that follow.

B. Exclusions

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

a. Ordinance Or Law

The enforcement of any ordinance or law:

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

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

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

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

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

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

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

All volcanic eruptions that occur within any 168 hour period will constitute a single occurrence.

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

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

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

d. Nuclear Hazard

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

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

e. Utility Services

The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises. Failure includes lack of sufficient capacity and reduction in supply.

But if the failure of power 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.

This exclusion does not apply to the Business Income coverage or to Extra Expense coverage. Instead, the Special Exclusion in Paragraph **B.4.a.(1)** applies to these coverages.

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, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows from a sewer, drain or sump; or
- (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.

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

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

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

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

This exclusion does not apply:

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

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

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

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

But if artificially generated electrical current results in fire, we will pay for the loss or damage caused by that fire.

- b. Delay, loss of use or loss of market.

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

- d.(1) Wear and tear;

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

- (3) Smog;

- (4) Settling, cracking, shrinking or expansion;

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

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

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

- (a) Dampness or dryness of atmosphere;

- (b) Changes in or extremes of temperature; or

- (c) Marring or scratching.

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

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

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

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

- (1) You do your best to maintain heat in the building or structure; or

- (2) You drain the equipment and shut off the supply if the heat is not maintained.

- h. Dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

- (1) Acting alone or in collusion with others; or

- (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.

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

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

- k. Collapse, except as provided below in the Additional Coverage for Collapse. 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.
- l. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, **l.**, does not apply to damage to glass caused by chemicals applied to the glass.

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

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

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

We will not pay for:

- (1) Any loss caused directly or indirectly by the failure of power or other utility service supplied to the described premises, however caused, if the failure occurs outside of a covered building. Failure includes lack of sufficient capacity and reduction in supply.
But if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss resulting from that Covered Cause of Loss.
- (2) Any loss caused by or resulting from:
 - (a) Damage or destruction of "finished stock"; or
 - (b) The time required to reproduce "finished stock".
 This exclusion does not apply to Extra Expense.
- (3) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.
- (4) Any increase of loss caused by or resulting from:
 - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
 - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.

- (5) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".
- (6) Any other consequential loss.

b. Leasehold Interest Coverage Form

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

c. Legal Liability Coverage Form

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

(a) Contractual Liability

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

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

(b) Nuclear Hazard

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

C. Limitations

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

- 1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
 - a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
 - b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
 - c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

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

However, this limitation does not apply to:

- (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
- (2) Business Income coverage or Extra Expense coverage.

- e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
- f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

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

- a. Animals, and then only if they are killed or their destruction is made necessary.
- b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
 - (1) Glass; or
 - (2) Containers of property held for sale.
- c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.

However, this limitation does not apply:

- (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
- (2) To Business Income coverage or to Extra Expense coverage.

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

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

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

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

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

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

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

D. Additional Coverage – Collapse

The term Covered Cause of Loss includes the Additional Coverage – Collapse as described and limited in **D.1.** through **D.5.** below.

- 1. With respect to buildings:

- a. Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose;
- b. A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse;

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

The criteria set forth in **1.a.** through **1.d.** do not limit the coverage otherwise provided under this Causes of Loss Form for the causes of loss listed in **2.a.**, **2.d.** and **2.e.**

3. With respect to the following property:
- a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
 - b. Awnings, gutters and downspouts;
 - c. Yard fixtures;
 - d. Outdoor swimming pools;
 - e. Fences;
 - f. Piers, wharves and docks;
 - g. Beach or diving platforms or appurtenances;
 - h. Retaining walls; and
 - i. Walks, roadways and other paved surfaces;
- if the collapse is caused by a cause of loss listed in **2.b.** through **2.f.**, we will pay for loss or damage to that property only if:
- a. Such loss or damage is a direct result of the collapse of a building insured under this Coverage Form; and
 - b. The property is Covered Property under this Coverage Form.
4. If personal property abruptly falls down or caves in and such collapse is not the result of collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:
- a. The collapse was caused by a Cause of Loss listed in **2.a.** through **2.f.** above;
 - b. The personal property which collapses is inside a building; and
 - c. The property which collapses is not of a kind listed in **3.** above, regardless of whether that kind of property is considered to be personal property or real property.

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

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

5. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.

E. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

1. The coverage described in **E.2.** and **E.6.** only applies when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
 - a. A "specified cause of loss" other than fire or lightning; or
 - b. Flood, if the Flood Coverage Endorsement applies to the affected premises.
2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
 - a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
 - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
 - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.
3. The coverage described under **E.2.** of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.
4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

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

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph **F.2.** (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss Form or under the Additional Coverage – Collapse.
6. The following, **6.a.** or **6.b.**, applies only if Business Income and/or Extra Expense coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense coverage form.
 - a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
 - b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage Extensions

1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.

- b. Loss or damage must be caused by or result from one of the following causes of loss:
 - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the road bed.
 - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is \$5,000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

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

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

3. Glass

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

This Coverage Extension, **F.3.**, does not increase the Limit of Insurance.

G. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Specified Causes of Loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.
 - b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
 - c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.

Forming a part of

| | |
|---|---|
| Policy Number: CBP 8526587 | |
| Coverage Is Provided In THE NETHERLANDS INSURANCE COMPANY-A STOCK COMPANY | |
| Named Insured: ACADEMY OF DOVER | Agent: L & W INSURANCE Agent Code: 5290824 Agent Phone: (302)-674-3500 |

COMMERCIAL CRIME COVERAGE PART DECLARATIONS

COVERAGE

DESCRIPTION OF PREMISES

| Prem. No. | Bldg. No. | Location Occupancy |
|-----------|-----------|--|
| 001 | | 104-106 SALISBURY ROAD DOVER DE 19904 |

TYPE OF COVERAGE

| Coverage Form | Limit of Insurance | Deductible Amount |
|---|--------------------|-------------------|
| PLAN 1: FORM C | | |
| THEFT, DISAPPEARANCE AND DESTRUCTION | | |
| INSIDE THE PREMISES | \$ 50,000 | \$ 2,500 |
| OUTSIDE THE PREMISES | \$ 50,000 | \$ 2,500 |
| PLAN 1: FORM D | | |
| ROBBERY AND SAFE BURGLARY COVERAGE - PROPERTY OTHER THAN MONEY AND SECURITIES | | |
| INSIDE THE PREMISES | | \$ 2,500 |
| ROBBERY OF A CUSTODIAN | \$ 50,000 | |
| SAFE BURGLARY | \$ 50,000 | |
| OUTSIDE THE PREMISES | \$ 50,000 | \$ 2,500 |
| PLAN 1: FORM F | \$ 50,000 | \$ 2,500 |
| COMPUTER FRAUD COVERAGE | | |
| PLAN 1: FORM R | | |
| MONEY ORDERS/COUNTERFEIT PAPER CURRENC | \$ 50,000 | \$ 2,500 |

COMMERCIAL CRIME COVERAGE PART DECLARATIONS (continued)

TYPE OF COVERAGE

| Coverage Form | Limit of Insurance | Deductible Amount |
|--|--------------------|-------------------|
| PLAN 1: FORM B | \$ 150,000 | \$ 2,500 |
| FORGERY OR ALTERATIONS COVERAGE | | |
| PLAN 1: FORM O - PER LOSS | \$ 50,000 | \$ 2,500 |
| PUBLIC EMPLOYEE DISHONESTY COVERAGE | | |
| PLAN 0: FORM | | |
| FUNDS TRANSFER FRAUD COVERAGE | \$ 50,000 | \$ 2,500 |

FORMS AND ENDORSEMENTS:

Forms and Endorsements applying to this Coverage Part and made part of this policy:

| Form Number | Description |
|---------------|---|
| 18-24 - 0507 | EXCLUSION OF TERRORISM |
| CC140 - 1090 | QUICK REFERENCE-CRIME COVERAGE PART |
| CR0003 - 0186 | FORGERY OR ALTERATIONS COVERAGE FORM |
| CR0004 - 1090 | THEFT DISAPPEARANCE & DESTRUCTION COV. FORM |
| CR0005 - 1090 | ROBBERY/SAFE BURGLARY-PROP O/T MONEY & SECURITIES |
| CR1000 - 0695 | CRIME GENERAL PROVISIONS |
| IL0003 - 0907 | CALCULATION OF PREMIUM |

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Date Issued: 11/19/2020

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF TERRORISM

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM

- A.** The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.

“Terrorism” means activities against persons, organizations or property of any nature:

1. That involve the following or preparation for the following:
 - a. Use or threat of force or violence; or
 - b. Commission or threat of a dangerous act; or
 - c. Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
2. When one or both of the following applies:
 - a. The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
 - b. It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

- B.** The following exclusion is added:

EXCLUSION OF TERRORISM

We will not pay for loss or damage caused directly or indirectly by “terrorism”, including action in hindering or defending against an actual or expected incident of “terrorism”. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. **But this exclusion applies only when one or more of the following are attributed to an incident of “terrorism”:**

1. The “terrorism” is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
2. Radioactive material is released, and it appears that one purpose of the “terrorism” was to release such material; or
3. The “terrorism” is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the “terrorism” was to release such materials; or
5. The total of insured damage to all types of property in the United States, its territories and possessions, Puerto Rico and Canada exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the “terrorism” and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions. Multiple incidents of “terrorism” which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the threshold is exceeded.

With respect to this item **B.5.**, the immediately preceding paragraph describes the threshold used to measure the magnitude of an incident of “terrorism” and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of “terrorism”, there is no coverage under this Coverage Form, Coverage Part or Policy.

C. Application Of Other Exclusions

1. When the Exclusion Of Terrorism applies in accordance with the terms of **B.1.** or **B.2.**, such exclusion applies without regard to the Nuclear Hazard Exclusion in this Coverage Form, Coverage Part or Policy.
2. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss or damage which would otherwise be excluded under this Coverage Form, Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

FORGERY OR ALTERATION COVERAGE FORM (Coverage Form B)

A. COVERAGE

We will pay for loss involving Covered Instruments resulting directly from the Covered Causes of Loss.

1. **Covered Instruments:** Checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are:
 - a. Made or drawn by or drawn upon you;
 - b. Made or drawn by one acting as your agent;or that are purported to have been so made or drawn.
2. **Covered Causes Of Loss:** Forgery or alteration of, on or in any Covered Instrument.
3. **Coverage Extension**

Legal Expenses: If you are sued for refusing to pay any Covered Instrument on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense. The amount we will pay under this extension is in addition to the Limit of Insurance applicable to this insurance.

B. LIMIT OF INSURANCE

The most we will pay for loss in any one "occurrence" is the applicable Limit of Insurance shown in the Declarations.

C. DEDUCTIBLE

We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the Declarations. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance. This provision does not apply to legal expenses paid under the Coverage Extension.

D. ADDITIONAL EXCLUSION, CONDITIONS AND DEFINITION

In addition to the provisions in the Crime General Provisions Form, this Coverage Form is also subject to the following:

1. Additional Exclusions

Acts of Employees, Directors or Trustees: We will not pay for loss resulting from any dishonest or criminal act committed by any of your "employees," directors or trustees:

- a. Whether acting alone or in collusion with other persons;
or
- b. Whether while performing services for you or otherwise.

2. Additional Conditions

- a. **Facsimile Signatures:** We will treat mechanically reproduced facsimile signatures the same as handwritten signatures.
- b. **General Amendment:** As respects this Coverage Form, the words Covered Property in the Crime General Provisions Form mean Covered Instruments.
- c. **Proof of Loss:** You must include with your proof of loss any instrument involved in that loss, or, if that is not possible, an affidavit setting forth the amount and cause of loss.
- d. **Territory:** We will cover loss you sustain anywhere in the world.

The Territory General Condition does not apply to this Coverage Form.

3. Additional Definition

"Occurrence" means all loss caused by any person or in which that person is involved, whether the loss involves one or more instruments.

THEFT, DISAPPEARANCE AND DESTRUCTION COVERAGE FORM

A. COVERAGE—We will pay for loss of Covered Property resulting directly from the Covered Causes of Loss.

1. Section 1.—Inside The Premises

a. Covered Property: “Money” and “securities” inside the “premises” or a “banking premises.”

b. Covered Causes of Loss

- (1) “Theft”
- (2) Disappearance
- (3) Destruction

c. Coverage Extensions

(1) **Containers of Covered Property:** We will pay for loss of, and loss from damage to, a locked safe, vault, cash register, cash box or cash drawer located in the “premises” resulting directly from an actual or attempted:

- (a) “Theft” of; or
- (b) Unlawful entry into those containers.

(2) **Premises Damage:** We will pay for loss from damage to the “premises” or its exterior resulting directly from an actual or attempted “theft” of Covered Property if you are the owner of the “premises” or are liable for damage to it.

2. Section 2.—Outside the Premises

a. Covered Property: “Money” and “securities” outside the “premises” in the care and custody of a “messenger.”

b. Covered Causes of Loss

- (1) “Theft”
- (2) Disappearance
- (3) Destruction

c. Coverage Extension

Conveyance of Property By Armored Motor Vehicle Company: We will pay for loss of Covered Property resulting directly from the Covered Causes of Loss while outside the “premises” in the care and custody of an armored motor vehicle company.

But, we will pay only for the amount of loss that you cannot recover:

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

B. LIMIT OF INSURANCE

The most we will pay for loss in any one “occurrence” is the applicable Limit of Insurance shown in the DECLARATIONS.

C. DEDUCTIBLE

We will not pay for loss in any one “occurrence” unless the amount of loss exceeds the Deductible Amount shown in the DECLARATIONS. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance. In the event more than one Deductible Amount could apply to the loss, only the highest Deductible Amount may be applied.

D. ADDITIONAL EXCLUSIONS, CONDITION AND DEFINITIONS: In addition to the provisions in the Crime General Provisions, this Coverage Form is subject to the following:

1. Additional Exclusions: We will not pay for loss as specified below:

- a. Accounting or Arithmetical Errors or Omissions:** Loss resulting from accounting or arithmetical errors or omissions.

- b. Acts of Employees, Directors, Trustees or Representatives:** Loss resulting from any dishonest or criminal act committed by any of your “employees,” directors, trustees or authorized representatives:
 - (1) Acting alone or in collusion with other persons; or
 - (2) While performing services for you or otherwise.
- c. Exchanges or Purchases:** Loss resulting from the giving or surrendering of property in any exchange or purchase.
- d. Fire:** Loss from damage to the “premises” resulting from fire, however caused.
- e. Money Operated Devices:** Loss of property contained in any money operated device unless the amount of “money” deposited in it is recorded by a continuous recording instrument in the device.
- f. Transfer or Surrender of Property**
 - (1) Loss of property after it has been transferred or surrendered to a person or place outside the “premises” or “banking premises”:
 - (a) On the basis of unauthorized instructions; or
 - (b) As a result of a threat to do:
 - i. Bodily harm to any person; or
 - ii. Damage to any property.
 - (2) But, this exclusion does not apply under COVERAGE, Section 2. to loss of Covered Property while outside the “premises” or “banking premises” in the care and custody of a “messenger” if you:
 - (a) Had no knowledge of any threat at the time the conveyance began; or
 - (b) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.
- g. Vandalism:** Loss from damage to the “premises” or its exterior or to containers of Covered Property by vandalism or malicious mischief.
- h. Voluntary Parting of Title to or Possession of Property:** Loss resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.

2. Additional Condition

Duties in the Event of Loss: If you have reason to believe that any loss of, or loss from damage to, Covered Property involves a violation of law, you must notify the police.

3. Additional Definitions

- a. “Banking Premises”** means the interior of that portion of any building occupied by a banking institution or similar safe depository.
- b. “Messenger”** means you, any of your partners or any “employee” while having care and custody of the property outside the “premises.”
- c. “Occurrence”** means an:
 - (1) Act or series of related acts involving one or more persons; or
 - (2) Act or event, or a series of related acts or events not involving any person.
- d. “Premises”** means the interior of that portion of any building you occupy in conducting your business.
- e. “Theft”** means any act of stealing.

COVERAGE FORM D

ROBBERY AND SAFE BURGLARY COVERAGE FORM – PROPERTY OTHER THAN MONEY AND SECURITIES

A. COVERAGE – We will pay for loss of, and loss from damage to, Covered Property resulting directly from the Covered Causes of Loss.

1. Section 1. – Inside The Premises

a. Robbery Of A Custodian

(1) **Covered Property:** "Property other than money and securities" inside the "premises" in the care and custody of a "custodian."

(2) **Property Not Covered:** Motor vehicles, trailers, or semi-trailers or equipment and accessories attached to them.

(3) **Covered Cause of Loss:** Actual or attempted "robbery."

(4) **Coverage Extension**

Premises Damage: We will pay for loss from damage to the "premises" or its exterior resulting directly from the Covered Cause of Loss, if you are the owner of the "premises" or are liable for damage to it.

b. Safe Burglary

(1) **Covered Property:** "Property other than money and securities" inside the "premises" in a safe or vault.

(2) **Covered Cause of Loss:** Actual or attempted "safe burglary."

(3) **Coverage Extension**

Premises, Safe and Vault Damage: We will pay for loss from damage to:

(a) The "premises" or its exterior; or

(b) A locked safe or vault located inside the "premises;"

resulting directly from the Covered Cause of Loss, if you are the owner of the property or liable for damage to it.

2. Section 2. – Outside The Premises

a. Covered Property: "Property other than money and securities" outside the "premises" in the care and custody of a "messenger."

b. Property Not Covered: Motor vehicles, trailers or semi-trailers or equipment and accessories attached to them.

c. Covered Cause of Loss: Actual or attempted "robbery."

d. Coverage Extension

Conveyance Of Property By Armored Motor Vehicle Company: We will pay for loss of, and loss from damage to, Covered Property resulting directly from the Covered Cause of Loss while outside the "premises" in the care and custody of an armored motor vehicle company.

But, we will pay only for the amount of loss you cannot recover:

(1) Under your contract with the armored motor vehicle company; and

(2) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

B. LIMIT OF INSURANCE

The most we will pay for loss in any one "occurrence" is the applicable Limit of Insurance shown in the DECLARATIONS.

C. DEDUCTIBLE

We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the DECLARATIONS. We will then pay the amount of loss in excess of the Deductible Amount up to the Limit of Insurance. In the event more than one Deductible Amount could apply to the loss, only the highest Deductible Amount may be applied.

D. ADDITIONAL EXCLUSIONS, CONDITIONS AND DEFINITIONS: In addition to the provisions in the Crime General Provisions, this Coverage Form is subject to the following:

1. Additional Exclusions: We will not pay for loss as specified below:

a. Acts of Employees, Directors, Trustees or Representatives: Loss resulting from any dishonest or criminal act committed by any of your "employees," directors, trustees or authorized representatives:

(1) Acting alone or in collusion with other persons; or

(2) While performing services for you or otherwise.

b. Fire: Loss resulting from fire, however caused, except loss from damage to a safe or vault.

c. Transfer or Surrender of Property

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

(a) On the basis of unauthorized instructions; or

(b) As a result of a threat to do:

i. Bodily harm to any person; or

ii. Damage to any property.

(2) But, this exclusion does not apply under COVERAGE, Section 2. to loss of Covered Property while outside the "premises" in the care and custody of a "messenger" if you:

(a) Had no knowledge of any threat at the time the conveyance began; or

(b) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

d. Vandalism: Loss from damage to any property by vandalism or malicious mischief.

2. Additional Conditions

a. Duties in the Event of Loss: If you have reason to believe that any loss of, or loss from damage to, Covered Property involves a violation of law, you must notify the police.

b. Special Limit of Insurance for Specified Property: We will only pay up to \$5,000 for any one "occurrence" of loss of, and loss from damage to:

(1) Precious metals, precious or semiprecious stones, pearls, furs, or completed or partially completed articles made of or containing such materials that constitute the principal value of such articles; or

(2) Manuscripts, drawings, or records of any kind or the cost of reconstructing them or reproducing any information contained in them.

3. Additional Definitions

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

b. "Messenger" means you, any of your partners or any "employee" while having care and custody of the property outside the "premises."

c. "Occurrence" means an:

(1) Act or series of related acts involving one or more persons; or

(2) Act or event, or a series of related acts or events not involving any person.

d. "Premises" means the interior of that portion of any building you occupy in conducting your business.

e. "Robbery" means the taking of property from the care and custody of a person by one who has:

(1) Caused or threatened to cause that person bodily harm; or

(2) Committed an obviously unlawful act witnessed by that person.

f. "Safe Burglary" means the taking of:

(1) Property from within a locked safe or vault by a person unlawfully entering the safe or vault as evidenced by marks of forcible entry upon its exterior; or

(2) A safe or vault from inside the "premises."

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

QUICK REFERENCE COMMERCIAL CRIME COVERAGE PART

READ YOUR POLICY CAREFULLY

The Commercial Crime Coverage Part in your policy consists of Declarations, one or more Coverage Forms, General Provisions, Common Policy Conditions and Endorsements, if applicable. Following is a Quick Reference indexing of the principal provisions contained in each of the components making up the Coverage Part, listed in sequential order, except for the provisions in the Declarations which may not be in the sequence shown.

DECLARATIONS

- Insured's Name and Mailing Address
- Policy Period
- Coverage, Limits of Insurance and Deductible
- Forms and Endorsements applying to the Coverage Part at time of issue
- Cancellation of Prior Insurance

COVERAGE FORM(S) (one or more apply)

COVERAGE

- Section 1.—Inside the Premises
 - Covered Property
 - Covered Cause(s) of Loss (if applicable)
 - Coverage Extension(s) (if applicable)
- Section 2.—Outside the Premises
 - Covered Property
 - Covered Cause(s) of Loss (If applicable)
 - Coverage Extension(s) (if applicable)

LIMIT OF INSURANCE

DEDUCTIBLE (if applicable)

ADDITIONAL EXCLUSION(S), CONDITION(S) and DEFINITION(S)

CRIME GENERAL PROVISIONS FORM (CR 10 00)

GENERAL EXCLUSIONS

- Acts Committed by You or Your Partners
- Governmental Action
- Indirect Loss
- Legal Expenses
- Nuclear
- War and Similar Actions

GENERAL CONDITIONS

- Consolidation — Merger
- Coverage Extensions
- Discovery Period for Loss
- Duties in the Event of Loss
- Joint Insured
- Legal Action Against Us
- Loss Covered Under More Than One Coverage of This Insurance
- Loss Sustained During Prior Insurance
- Loss Covered Under This Insurance and Prior Insurance Issued by Us or Any Affiliate
- Non-Cumulation of Limit of Insurance

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GENERAL CONDITIONS (Cont'd)

Other Insurance
Ownership of Property; Interests Covered
Policy Period
Records
Recoveries
Territory
Transfer of Your Rights of Recovery Against Others To Us
Valuation-Settlement

GENERAL DEFINITIONS

"Employee"
"Money"
"Property Other Than Money and Securities"
"Securities"

SAFE DEPOSITORY GENERAL PROVISIONS FORM (CR 40 00)

GENERAL EXCLUSIONS

Acts Committed by You or Your Partners
Governmental Action
Nuclear
War and Similar Actions

GENERAL CONDITIONS

Joint Insured
Non-Cumulation of Limit Insurance
Other Insurance
Ownership of Customers' Property

GENERAL DEFINITIONS

"Money"
"Occurrence"
"Premises"
"Property Other Than Money and Securities"
"Securities"

COMMON POLICY CONDITIONS (IL 00 17)

Cancellation
Changes
Examination of Your Books and Records
Inspections and Surveys
Premiums
Transfer of Your Rights and Duties Under This Policy

ENDORSEMENTS (if applicable)

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CRIME GENERAL PROVISIONS

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

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

Words and phrases in quotation marks are defined in the policy.

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

A. GENERAL EXCLUSIONS

We will not pay for loss as specified below:

- 1. Acts Committed by You or Your Partners:** Loss resulting from any dishonest or criminal act committed by you or any of your partners whether acting alone or in collusion with other persons.
- 2. Governmental Action:** Loss resulting from seizure or destruction of property by order of governmental authority.
- 3. Indirect Loss:** Loss that is an indirect result of any act or "occurrence" covered by this insurance including, but not limited to, loss resulting from:
 - a.** Your inability to realize income that you would have realized had there been no loss of, or loss from damage to, Covered Property.
 - b.** Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this insurance.
 - c.** Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance.
- 4. Legal Expenses:** Expenses related to any legal action.
- 5. Nuclear:** Loss resulting from nuclear reaction, nuclear radiation or radioactive contamination, or any related act or incident.
- 6. War and Similar Actions:** Loss resulting from war, whether or not declared, warlike action, insurrection, rebellion or revolution, or any related act or incident.

B. GENERAL CONDITIONS

- 1. Concealment, Misrepresentation or Fraud:** This insurance is void in any case of fraud by you as it relates to this insurance at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:
 - a.** This insurance;
 - b.** The Covered Property;
 - c.** Your interest in the Covered Property; or
 - d.** A claim under this insurance.
- 2. Consolidation – Merger:** If through consolidation or merger with, or purchase of assets of, some other entity:
 - a.** Any additional persons become "employees"; or
 - b.** You acquire the use and control of any additional "premises";any insurance afforded for "employees" or "premises" also applies to those additional "employees" and "premises", but only if you:
 - a.** Give us written notice within 30 days thereafter; and
 - b.** Pay us an additional premium.
- 3. Coverage Extensions:** Unless stated otherwise in the Coverage Form, our liability under any Coverage Extension is part of, not in addition to, the Limit of Insurance applying to the Coverage or Coverage Section.
- 4. Discovery Period for Loss:** We will pay only for covered loss discovered no later than one year from the end of the policy period.
- 5. Duties in the Event of Loss:** After you discover a loss or a situation that may result in loss of, or loss from damage to, Covered Property you must:

- a. Notify us as soon as possible.
 - b. Submit to examination under oath at our request and give us a signed statement of your answers.
 - c. Give us a detailed, sworn proof of loss within 120 days.
 - d. Cooperate with us in the investigation and settlement of any claim.
- 6. Joint Insured:**
- a. If more than one Insured is named in the Declarations, the first named Insured will act for itself and for every other Insured for all purposes of this insurance. If the first named Insured ceases to be covered, then the next named Insured will become the first named Insured.
 - b. If any Insured or partner or officer of that Insured has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every Insured.
 - c. An "employee" of any Insured is considered to be an "employee" of every Insured.
 - d. If this insurance or any of its coverages is cancelled or terminated as to any Insured, loss sustained by that Insured is covered only if discovered no later than one year from the date of that cancellation or termination.
 - e. We will not pay more for loss sustained by more than one Insured than the amount we would pay if all the loss had been sustained by one Insured.
- 7. Legal Action Against Us:** You may not bring any legal action against us involving loss:
- a. Unless you have complied with all the terms of this insurance; and
 - b. Until 90 days after you have filed proof of loss with us; and
 - c. Unless brought within 2 years from the date you discover the loss.
- 8. Liberalization:** If we adopt any revision that would broaden the coverage under this insurance without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this insurance.
- 9. Loss Covered Under More Than One Coverage of This Insurance:** If two or more coverages of this insurance apply to the same loss, we will pay the lesser of:
- a. The actual amount of loss; or
 - b. The sum of the limits of insurance applicable to those coverages.
- 10. Loss Sustained During Prior Insurance**
- a. If you, or any predecessor in interest, sustained loss during the period of any prior insurance that you or the predecessor in interest could have recovered under that insurance except that the time within which to discover loss had expired, we will pay for it under this insurance, provided:
 - (1) This insurance became effective at the time of cancellation or termination of the prior insurance; and
 - (2) The loss would have been covered by this insurance had it been in effect when the acts or events causing the loss were committed or occurred.
 - b. The insurance under this Condition is part of, not in addition to, the Limits of Insurance applying to this insurance and is limited to the lesser of the amount recoverable under:
 - (1) This insurance as of its effective date; or
 - (2) The prior insurance had it remained in effect.
- 11. Loss Covered Under This Insurance and Prior Insurance Issued by Us or Any Affiliate:** If any loss is covered:
- a. Partly by this insurance; and
 - b. 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.
- 12. Non-Cumulation of Limit of Insurance:** Regardless of the number of years this insurance remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.
- 13. Other Insurance:** This insurance does not apply to loss recoverable or recovered under other insurance or indemnity. However, if the limit of the other insurance or indemnity is insufficient to cover the entire amount of the loss, this insurance will apply to that part of the loss, other than that falling within any deductible amount, not recoverable or recovered under the other insurance or indemnity. However, this insurance will not apply to the amount of loss that is more than the applicable Limit of Insurance shown in the Declarations.

- 14. Ownership of Property; Interests Covered:** The property covered under this insurance is limited to property:
- a. That you own or hold; or
 - b. For which you are legally liable.
- However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization.
- 15. Policy Period:**
- a. The Policy Period is shown in the Declarations.
 - b. Subject to the Loss Sustained During Prior Insurance condition, we will pay only for loss that you sustain through acts committed or events occurring during the Policy Period.
- 16. Records:** You must keep records of all Covered Property so we can verify the amount of any loss.
- 17. Recoveries:**
- a. Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this insurance will be distributed as follows:
 - (1) To you, until you are reimbursed for any loss that you sustain that exceeds the Limit of Insurance and the Deductible Amount, if any;
 - (2) Then to us, until we are reimbursed for the settlement made;
 - (3) Then to you, until you are reimbursed for that part of the loss equal to the Deductible Amount, if any.
 - b. Recoveries do not include any recovery:
 - (1) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
 - (2) Of original "securities" after duplicates of them have been issued.
- 18. Territory:** This insurance covers only acts committed or events occurring within the United States of America, U. S. Virgin Islands, Puerto Rico, Canal Zone, or Canada.
- 19. Transfer of Your Rights of Recovery Against Others to Us:** You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.
- 20. Valuation – Settlement:**
- a. Subject to the applicable Limit of Insurance provision we will pay for:
 - (1) Loss of "money" but only up to and including its face value. We may, at our option, pay for loss of "money" issued by any country other than the United States of America:
 - (a) At face value in the "money" issued by that country; or
 - (b) In the United States of America dollar equivalent determined by the rate of exchange on the day the loss was discovered.
 - (2) Loss of "securities" but only up to and including their value at the close of business on the day the loss was discovered. We may, at our option:
 - (a) Pay the value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or
 - (b) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:
 - (i) Value of the "securities" at the close of business on the day the loss was discovered; or
 - (ii) Limit of Insurance.
 - (3) Loss of, or loss from damage to, "property other than money and securities" or loss from damage to the "premises" for not more than the:
 - (a) Actual cash value of the property on the day the loss was discovered;
 - (b) Cost of repairing the property or "premises"; or
 - (c) Cost of replacing the property with property of like kind and quality.
 We may, at our option, pay the actual cash value of the property or repair or replace it.
 If we cannot agree with you upon the actual cash value or the cost of repair or replacement, the value or cost will be determined by arbitration.
 - b. We may, at our option, pay for loss of, or loss from damage to, property other than "money":
 - (1) In the "money" of the country in which the loss occurred; or

- (2) In the United States of America dollar equivalent of the "money" of the country in which the loss occurred determined by the rate of exchange on the day the loss was discovered.

c. Any property that we pay for or replace becomes our property.

C. GENERAL DEFINITIONS

1. "Employee" means:

a. Any natural person:

- (1) While in your service (and for 30 days after termination of service); and
- (2) Whom you compensate directly by salary, wages or commissions; and
- (3) Whom you have the right to direct and control while performing services for you; or

b. Any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you excluding, however, any such person while having care and custody of property outside the "premises".

But "employee" does not mean any:

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

2. "Money" means:

a. Currency, coins and bank notes in current use and having a face value; and

b. Travelers checks, register checks and money orders held for sale to the public.

3. "Property Other Than Money and Securities" means any tangible property other than "money" and "securities" that has intrinsic value but does not include any property listed in any Crime Coverage Form as Property Not Covered.

4. "Securities" means negotiable and non-negotiable 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".

COMMERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS (continued)

PREMIUM

| Class Code | Classification Description | | Rates | | Advance Premium | |
|------------|---|----------------|-----------------|-----------|-----------------|-----------|
| | Premium Base | Territory Code | Prods/ Comp Ops | All Other | Prods/ Comp Ops | All Other |
| 75438 | VIOLENT EVENT RESPONSE COVERAGE FOR SCHOOL | | | | | |
| | 329 | 999 | | | | \$ 45 |
| | TOTAL NUMBER OF STUDENTS | | | | | |
| 79122 | DATA SECURITY COVERAGE DATA RESPONSE & EXPENSES | | | | | |
| | 329 | 000 | | | | \$ 593 |
| | TOTAL NUMBER OF STUDENTS | | | | | |
| 79123 | DATA SECURITY COVERAGE DATA DEFENSE & LIABILITY | | | | | |
| | 329 | 000 | | | | \$ 592 |
| | TOTAL NUMBER OF STUDENTS | | | | | |
| 79124 | DATA SECURITY COVERAGE COMPUTER ATTACK/EXTORTION | | | | | |
| | 329 | 000 | | | | \$ 1,372 |
| | TOTAL NUMBER OF STUDENTS | | | | | |
| 79124 | DATA SECURITY COVERAGE NETWORK SECURITY | | | | | |
| | 329 | 000 | | | | \$ 794 |
| | TOTAL NUMBER OF STUDENTS | | | | | |

NEW BUSINESS

Forming a part of

| | |
|--|---|
| Policy Number: CBP 8526587 | |
| Coverage Is Provided In THE NETHERLANDS INSURANCE COMPANY-A STOCK COMPANY | |
| Named Insured: ACADEMY OF DOVER | Agent: L & W INSURANCE |
| | Agent Code: 5290824 Agent Phone: (302)-674-3500 |

COMMERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS (continued)

PREMIUM

| Class Code | Classification Description | | Rates | | Advance Premium | |
|---------------------|--|----------------|-----------------|-----------|-----------------|-------------|
| | Premium Base | Territory Code | Prods/ Comp Ops | All Other | Prods/ Comp Ops | All Other |
| 92100 | EMPLOYEE BENEFITS LIABILITY COVERAGE | | | | | |
| | 40 | 000 | | | | \$ 440 |
| | TOTAL EMPLOYEES | | | | | |
| 92405 | STOP GAP EMPLOYERS LIABILITY | | | | | |
| | 1,700,000 | 001 | | | | \$ 247 |
| | PAYROLL PER \$1000 | | | | | |
| LOCATION 001 | | | | | | |
| 47469 | SCHOOLS-FACULTY LIABILITY FOR CORPORAL PUNISHMENT OF PUPILS PRODUCTS-COMPLETED OPERATIONS ARE SUBJECT TO THE GENERAL AGGREGATE LIMIT | | | | | |
| | 40 | 001 | INCL | | \$ 5.867 | INCL \$ 235 |
| | EACH FACULTY MEM | | | | | |

COMMERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS (continued)

PREMIUM

| Class Code | Classification Description | | Rates | | Advance Premium | |
|------------|---|----------------|----------------|-----------|-----------------|-----------|
| | Premium Base | Territory Code | Prods/Comp Ops | All Other | Prods/Comp Ops | All Other |
| 47471 | SCHOOLS - PUBLIC - ELEMENTARY, KINDERGARTEN OR JUNIOR HIGH PRODUCTS-COMPLETED OPERATIONS ARE SUBJECT TO THE GENERAL AGGREGATE LIMIT | | | | | |
| | 329 | 001 | INCL | \$ 3.292 | INCL | \$ 1,083 |
| | EACH STUDENT | | | | | |

Audit Period: Total Advance Premium **INCLUDED**

FORMS AND ENDORSEMENTS

Forms and Endorsements applying to this Coverage Part and made part of this policy:

| Form Number | Description |
|-------------|--|
| IL0017 | - 1198 COMMON POLICY CONDITIONS |
| 17-20 | - 0718 SCHOOL AMENDATORY ENDORSEMENT |
| 17-22 | - 1202 EXCLUSION - LEAD |
| 17-517 | - 0517 PUBLIC ENTITY IMMUNITY AND TORT CAP PRESERVATION |
| 17-98 | - 1202 EXCLUSION - ASBESTOS |
| 22-112 | - 0107 NON-CUMULATION OF LIABILITY (SAME OCCURRENCE) |
| 22-115 | - 0207 VIOLENT EVENT RESPONSE COVERAGE FOR SCHOOLS |
| 22-162 | - 0510 STOP GAP-EMPLOYERS LIABILITY COVERAGE ENDORSEMENT |
| 22-164 | - 0910 RECORDING AND DISTRIBUTION OF MATERIAL OR INFORMATION |
| 22-175 | - 0913 EXCLUSION-TRAMPOLINES |
| 22-176 | - 1012 EXCLUSION-CLIMBING OR RAPPELLING WALLS |
| 22-31 | - 0799 SEXUAL MISCONDUCT AND MOLESTATION LIABILITY EXCLUSION |
| 22-75 | - 1000 VIRGINIA CHANGES-NEWLY ACQUIRED/FORMED ORGANIZATIONS |
| 22-90 | - 0204 EXCLUSION - SILICA |
| CG0001 | - 1001 COMMERCIAL GENERAL LIABILITY COVERAGE FORM |
| CG0062 | - 1202 WAR LIABILITY EXCLUSION |
| CG0435 | - 0202 EMPLOYEE BENEFITS LIABILITY COVERAGE |
| CG2147 | - 0798 EMPLOYMENT RELATED PRACTICES EXCLUSION |
| CG2167 | - 0402 FUNGI OR BACTERIAL EXCLUSION |

22-19 (12/02)

INSURED COPY

NEW BUSINESS

Forming a part of

Policy Number: CBP 8526587

Coverage Is Provided In THE NETHERLANDS INSURANCE COMPANY-A STOCK COMPANY

**Named Insured:
ACADEMY OF DOVER**

**Agent:
L & W INSURANCE**

Agent Code: 5290824 Agent Phone: (302)-674-3500

COMMERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS (continued)

FORMS AND ENDORSEMENTS

Forms and Endorsements applying to this Coverage Part and made part of this policy:

| Form Number | Description |
|--------------------|---|
| CG2170 | - 0115 CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM |
| CG2176 | - 0115 EXCLUSION OF PUNITIVE DAMAGES |
| CG2267 | - 1093 CORPORAL PUNISHMENT |
| CL175 | - 0286 QUICK REFERENCE COMML GENERAL LIABILITY COVERAGE PART |
| 17-59 | - 0694 DECLARATIONS EXTENSION |

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Date Issued: 11/19/2020

Forming a part of

| | |
|---|---|
| Policy Number: CBP 8526587 | |
| Coverage Is Provided In THE NETHERLANDS INSURANCE COMPANY-A STOCK COMPANY | |
| Named Insured: ACADEMY OF DOVER | Agent: L & W INSURANCE Agent Code: 5290824 Agent Phone: (302)-674-3500 |

SEXUAL MISCONDUCT AND MOLESTATION LIABILITY COVERAGE PART DECLARATIONS

LIMITS OF INSURANCE

| | |
|--|--------------|
| Each Loss Limit | \$ 1,000,000 |
| Aggregate Limit | \$ 1,000,000 |
| Innocent Party Aggregate Defense Expense Amount | \$ 300,000 |

PREMIUM

| Class Code | Classification Description | Premium Base | Advance Premium |
|---------------|---|--------------------------------|-----------------|
| DE | | | |
| 73558 | SEXUAL MISCONDUCT AND MOLESTATION LIABILITY | 329 | INCLUDED |
| | | TOTAL STUDENT ENROLLMENT | |
| 73700 | INNOCENT PARTY DEFENSE COVERAGE | 329 | INCLUDED |
| | | TOTAL STUDENT ENROLLMENT | |
| Audit Period: | | Total Advance Premium | \$ 3,000 |

FORMS AND ENDORSEMENTS

Forms and Endorsements applying to this Coverage Part and made part of this policy:

| Form Number | Description |
|---------------|--|
| 17-172 - 0598 | INNOCENT PARTY DEFENSE COVERAGE |
| 17-517 - 0517 | PUBLIC ENTITY IMMUNITY AND TORT CAP PRESERVATION |
| 17-78 - 0399 | SEXUAL MISCONDUCT & MOLESTATION LIAB COVERAGE FORM |
| 17-82 - 0595 | QUICK REFERENCE SEXUAL MISCONDUCT & MOLESTATION LIAB |

22-34 (05/95)

INSURED COPY

Policy Number: CBP 8526587

Coverage Is Provided In THE NETHERLANDS INSURANCE COMPANY-A STOCK COMPANY

Named Insured:
ACADEMY OF DOVERAgent:
L & W INSURANCE

Agent Code: 5290824

Agent Phone: (302)-674-3500

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

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULEParagraph 2. of provision L. **Medical Payments Limitation – Students** applies only when a Student Medical Expense Limit is shown below:**Student Medical Expense Limit: NONE Each Student****A. Professional Services Liability**

1. The following is added to Paragraph 1. **Insuring Agreement** under **Section I – Coverage A – Bodily Injury And Property Damage Liability**:

“Bodily injury” arising out of the rendering of or failure to render “covered professional services” to others by an “employee” shall be deemed to be caused by an “occurrence” but only if such acts or omissions are committed within the scope of his or her employment by you.

With respect to **Section III – Limits Of Insurance**, Paragraph 5., any act or omission together with all related acts or omissions in the furnishing of these services to any one person will be considered one “occurrence”.

2. With respect to the Professional Services Liability insurance provided by this provision, the following exclusion is added to Paragraph 2., **Exclusions** under **Section I – Coverage A – Bodily Injury And Property Damage Liability**:

Professional Services Liability

“Bodily injury” arising out of any act or omission that:

- (1) Is in fact criminal, fraudulent, malicious or deliberately dishonest; or
- (2) Occurs prior to the inception date of this coverage:
 - (a) Of which the insured had knowledge before the inception date of this coverage and reasonably could have expected a claim might result; or
 - (b) For which other valid and collectible insurance is available to the insured.

3. Except with respect to the ownership or operation of an infirmary with facilities for lodging and treatment or a public clinic or hospital, Paragraph **2.a.(1)(d)** under **Section II – Who Is An Insured** does not apply to the rendering of or failure to render “covered professional services” by an “employee” within the scope of his or her employment by you.
4. For the purposes of coverage afforded under this endorsement, the following is added to **Section V – Definitions**:

“Covered professional services” means professional services, treatment, advice or instruction provided by nurses, psychologists, mental health counselors, psychometric counselors, occupational or physical therapists, hearing and speech therapists, athletic trainers, emergency medical technicians or paramedics.
5. The insurance afforded under this provision is excess over any of the other professional liability insurance whether primary, excess, contingent or on any other basis.

B. Medical Malpractice Limitation

With respect to the ownership or operation of an infirmary with facilities for lodging and treatment or a public clinic or hospital, this insurance does not apply to “bodily injury”, “property damage” or “personal and advertising injury” caused by:

1. The rendering of or failure to render:
 - a. Medical, surgical, dental, x-ray, or nursing service, treatment, advice or instruction, or the related furnishing of food or beverages;
 - b. Any health or therapeutic service, treatment, advice or instruction; or
 - c. Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming.
2. The furnishing or dispensing of or failure to furnish or dispense drugs or medical, dental or surgical supplies or appliances; or
3. The handling or treatment of dead bodies, including autopsies, organ donation or other procedures.

Nursing service, treatment, advice or instruction and health or therapeutic service, treatment, advice or instruction include but are not limited to the rendering of or failure to render “covered professional services” as defined in Paragraph **A.4.** of this endorsement.

C. School Broadcasting And Publication – Personal And Advertising Injury Liability Extension

1. Exclusion **j.(1)** under Paragraph **2.**, **Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability**, does not apply within the scope of your activities as a school.
2. The following is added to **Section IV – Commercial General Liability Conditions**:

Retraction Or Correction Of Erroneous Matter

Retraction or correction shall be promptly made of any matter which has been published or broadcasted through error or mistake, or which is untrue.

3. Paragraph 1. under **Section V – Definitions** is replaced by:

1. “Advertisement” means an announcement that is broadcast or published in the print, broadcast or electronic media to the general public or specific market segments about goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
 - a. Announcements that are published include material placed on the Internet or on similar electronic means of communication, but only with respect to your goods, products or services for the purpose of attracting customers or supporters; 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.

D. Expected Or Intended Injury Extension

Exclusion a. **Expected Or Intended Injury** under Paragraph 2., **Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability** is replaced by the following:

a. Expected Or Intended Injury

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

E. Pollution Exclusion – Exception For Classroom Instruction Activities

1. The following is added to provision **(1)(a)** of Exclusion f., **Pollution** under Paragraph 2., **Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability**:

However, this exclusion does not apply to “bodily injury” or “property damage” that is caused, in whole or in part, by activities usual to classroom instruction on premises you own or rent.

2. When the Total Pollution Exclusion endorsement CG 21 55 or CG 21 65 is made a part of this Policy, Paragraph 1. above does not apply and the following is added to provision **(1)** of Exclusion f. **Pollution** under Paragraph 2., **Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability** as amended by either endorsement CG 21 55 or CG 21 65:

However, this exclusion does not apply to “bodily injury” or “property damage” that is caused, in whole or in part, by activities usual to classroom instruction on premises you own or rent.

F. Non-Owned Aircraft

Except with respect to the transportation of students, Exclusion g., **Aircraft, Auto Or Watercraft** under Paragraph 2., **Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability** does not apply to an aircraft that an insured does not own, provided:

1. It is hired or chartered by or loaned to an insured with a trained, paid crew;
2. The pilot in command holds a currently effective certificate, issued by the duly constituted authority of the United States of America or Canada, designating him or her a commercial or airline pilot; and
3. It is not being used to carry persons or property for a charge.

However, the insurance afforded by this provision does not apply if there is available to the insured other valid and collectible insurance, whether primary, excess (other than insurance written to apply specifically in excess of this Policy), contingent or on any other basis, that would also apply to the loss covered under this provision.

G. Unmanned Aircraft

1. Exclusion **g.**, **Aircraft, Auto Or Watercraft** under Paragraph **2.**, **Exclusions** of **Section I – Coverage A – Bodily Injury And Property Damage Liability** is amended by adding the following:

This exclusion does not apply to unmanned aircraft operations if the:

- (1) Unmanned aircraft weighs less than 55 pounds and has a maximum airspeed of less than 100 miles per hour.
 - (2) Operations comply with all Federal Aviation Administration Regulations and Requirements pertaining to unmanned aircraft; and
 - (3) Operations are included within the insured's operations as a school.
2. The following exclusion is added to Paragraph **2.**, **Exclusions** under **Section I – Coverage B – Personal And Advertising Injury Liability**:

This insurance does not apply to "personal and advertising injury" arising out of unmanned aircraft operations included within the insured's operations as a school.

H. Non-Owned Watercraft

Except with respect to the transportation of students, Exclusion **g.(2)**, **Aircraft, Auto Or Watercraft** under **Section I – Coverage A – Bodily Injury And Property Damage Liability** is replaced by the following:

- (2) A watercraft you do not own that is not being used to carry persons or property for a charge;

The insurance afforded under this provision is excess over any of the other insurance whether primary, excess, contingent or on any other basis.

I. Transportation Of Students Limitation

With respect to the transportation of students, Exclusion **g.**, **Aircraft, Auto Or Watercraft** of **Section I – Coverage A – Bodily Injury And Property Damage Liability** is replaced by the following:

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, 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 your students to and from schools.

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

J. Personal Property Of Others – Care, Custody Or Control Extension

1. We will pay those sums that the insured becomes legally obligated to pay as damages because of “property damage” to personal property of others while in the insured’s care, custody or control. This insurance applies only to “property damage” arising out of the insured’s operations as a school.
2. Except with respect to “property damage” resulting from the use of elevators, Exclusion **j.(4)**, under Paragraph **2.**, **Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability**, does not apply to the coverage provided by this provision.
3. Subject to **4.** below, the most we will pay for “property damage” to personal property of others while in the insured’s care, custody or control arising from any one “occurrence” is \$100,000. This amount is subject to the Each Occurrence Limit described in Paragraph **5.** of **Section III – Limits Of Insurance.**
4. The most we will pay for the sum of all “property damage” to personal property of others while in the insured’s care, custody or control in an annual policy period is \$100,000. This amount is subject to the General Aggregate Limit described in Paragraph **2.** of **Section III – Limits Of Insurance.**
5. We will not pay for “property damage”, under this provision, until the amount of “property damage” exceeds \$250.

K. Medical Payments Extension

If **Coverage C – Medical Payments** is not otherwise excluded from this Coverage Part:

1. Paragraph **7.** of **Section III – Limits Of Insurance** is replaced by the following:
 7. Subject to **5.** above, the Medical Expense Limit is the most we will pay under Coverage **C** for all medical expenses because of “bodily injury” sustained by any one person other than your student. The Medical Expense Limit is the greater of:
 - a. \$15,000; or
 - b. The Medical Expense Limit shown in the Declarations.
2. The second subparagraph **(2)** of Paragraph **1.a. Insuring Agreement** under **Coverage C – Medical Payments** is replaced by the following:

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

L. Medical Payments Limitation – Students

1. If **Coverage C – Medical Payments** is not otherwise excluded from this Coverage Part, the following is added to Paragraph **2.**, **Exclusions** under **Section I – Coverage C – Medical Payments:**

We will not pay expenses for “bodily injury” to your students.
2. When a Student Medical Expense Limit is shown in the Schedule of this endorsement, Paragraph **1.** of this provision does not apply and the following is added to **Section III – Limits Of Insurance:**

Subject to **5.** above, the Student Medical Expense Limit is the most we will pay under Coverage **C** for all medical expenses because of “bodily injury” sustained by any one of your students.

M. Increased Cost Of Bail Bonds And Loss Of Earnings – Extension Of Supplementary Payments – Coverages A And B

Supplementary Payments – Coverages A And B is amended as follows:

1. Paragraph **1.b.** is replaced by the following:
 - b. Up to \$5,000 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
2. Paragraph **1.d.** is replaced by the following:
 - d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$500 a day because of time off from work.

N. Criminal Acts Defense Expense Coverage

1. The following is added to **Supplementary Payments – Coverages A And B:**

Subject to a Criminal Acts Defense Expense Coverage Aggregate Amount of \$50,000 and at your request, we will reimburse the insured for "defense expenses" incurred in the defense of a criminal action or criminal proceeding brought against the insured and commencing during the policy period but only if:

- a. The criminal action or criminal proceeding arose from acts committed within the scope of employment by you or while performing duties related to the conduct of your business; and
- b. The insured is acquitted or the charges are dropped; and
- c. The "defense expenses" are reported to us within one year of the acquittal or dropped charges.

We have no duty to defend the insured. The insured must select an attorney of his or her choice for representation in the criminal action or criminal proceeding. Our obligation to reimburse "defense expenses" ends when the Criminal Acts Defense Expense Coverage Aggregate Amount has been used up in the reimbursement of "defense expenses".

2. The coverage provided under Paragraph **1.** of this provision does not apply to "defense expenses" incurred for:
 - a. Appeals after a guilty verdict is rendered at the first trial;
 - b. Any retrial upon an entry of a mistrial after verdict; or
 - c. Any retrial after appeal.
3. Regardless of the number of insureds, criminal actions or criminal proceedings, the Criminal Acts Defense Expense Coverage Aggregate Amount is the most we will reimburse all insureds under Paragraph **1.** of this provision for the sum of all "defense expenses". If the policy period is for more than one year, the Criminal Acts Defense Expense Coverage Aggregate Amount 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. But if the policy period is extended after issuance for less than 12 months, the additional period will be deemed part of the last preceding period for the purposes of determining the Criminal Acts Defense Expense Coverage Aggregate Amount.
4. As used in this provision, "defense expenses" means those reasonable and necessary expenses that result from the defense of a specific criminal action or criminal proceeding brought against the insured, including:
 - a. Attorney and paralegal fees and expenses; and
 - b. Costs of legal proceedings"Defense expenses" does not include loss of earnings or any fines or penalties imposed by law.
5. The insurance provided by this provision does not apply if there is available to the insured:
 - a. Any other valid and collectible insurance, whether primary, excess (other than insurance written to apply specifically in excess of this Policy), contingent or on any other basis; or
 - b. Any other provision of this Policythat would also apply to the expenses covered under this provision.

O. Extension Of Who Is An Insured

1. Paragraph 2. of **Section II – Who Is An Insured** is amended to include as an insured:

- a. Any of the following but only with respect to their duties in connection with the positions described below:
 - (1) Any of your trustees or members of your Board of Governors if you are a private charitable or educational institution;
 - (2) Any of your board members or commissioners if you are a public board or commission; or
 - (3) Any student teachers teaching as part of their educational requirements.
- b. Any club or organization, if they have been specifically authorized by you, and only with respect to their use of your premises and their activities elsewhere that are within the scope of the authorized purpose of such organization. Clubs or organizations include, but are not limited to:
 - (1) Parent support groups or booster clubs;
 - (2) Student groups; or
 - (3) Alumni groups.

A club's or organization's directors, officers or members are also insureds, while acting within the scope of their duties for such club or organization.

- c. Any affiliated subsidiary, organization, board, commission, foundation or endowment that you own or control more than 50% of such entity.

The insurance provided by this provision does not apply if there is available to the insured any other valid and collectible insurance, whether primary, excess (other than insurance written to apply specifically in excess of this Policy), contingent or on any other basis that would apply to the insurance provided under this provision.

- d. Any of your students who are members of a safety patrol which you have organized or operate, but only for "bodily injury" or "property damage" that occurs while performing duties related to the conduct of such safety patrol. This includes the parents or legal guardian of such student, but only with respect to his or her liability as a parent or guardian because of "bodily injury" or "property damage" arising out of the operation of such safety patrol.

The insurance provided by this provision is excess over any of the other insurance available to the insured, whether primary, excess, contingent or on any other basis.

2. Definitions 5. and 19. under **Section V – Definitions**, are replaced by the following:

- 5. "Employee" includes a "leased worker" or a substitute teacher. "Employee" does not include a "temporary worker".
- 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. "Temporary worker" does not include a substitute teacher.

P. Coverages A and B Extension – Co-Employees And Volunteer Workers

Except with respect to "bodily injury" or "personal and advertising injury" to a person arising out of employment-related practices, **Section II – Who Is An Insured** is modified as follows:

1. Paragraph **2.a.(1)(a)** is replaced by the following:
 2. **a. (1)** “Bodily injury” or “personal and advertising injury”:
 - (a) To you, to your partners or members (if you are a partnership or joint venture), or to your members (if you are a limited liability company);
2. Paragraphs **2.a.(1)(b)** and **3.a.** are deleted.

Employment-related practices means refusal to employ that person, termination of that person’s employment, or practices, policies, acts or omissions related to employment, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, or discrimination directed at that person.

Q. Newly Acquired Or Formed Organizations

Paragraph **4.a.** of **Section II – Who Is An Insured** is replaced by the following:

- a. Coverage under this provision is afforded only until the expiration of the policy period in which the entity was acquired or formed by you;

R. Additional Insureds – By Contract, Agreement Or Permit

1. Paragraph **2.** under **Section II – Who Is An Insured** is amended to include as an insured any person or organization when you and such person or organization have agreed in writing in a contract, agreement or permit that such person or organization be added as an additional insured on your Policy to provide insurance such as is afforded under this Coverage Part. Such person or organization is an additional insured only with respect to liability for “bodily injury”, “property damage” or “personal and advertising injury” caused, in whole or part, by:
 - a. Your ongoing operations performed for that person or organization;
 - b. Premises or facilities owned or used by you; or
 - c. Your maintenance, operation or use of equipment rented or leased to you by such person or organization.

With respect to Paragraph **1.a.** above, a person’s or organization’s status as an insured under this provision ends when your operations for that person or organization are completed.

With respect to Paragraph **1.b.** above, a person’s or organization’s status as an insured under this provision ends when their contract or agreement with you for such premises or facilities ends.

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.
2. This provision does not apply:
 - a. Unless the written contract or agreement has been executed, or permit has been issued, prior to the “bodily injury”, “property damage” or “personal and advertising injury”;

- b. To “bodily injury” or “property damage” occurring after:
 - (1) All work, including materials, parts or equipment furnished in connection with such work, in the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the site of the covered operations has been completed; or
 - (2) That portion of “your work” out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as part of the same project;
- c. To the rendering of or failure to render any professional services including, but not limited to, any professional architectural, engineering or surveying services such as:
 - (1) The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; and
 - (2) Supervisory, inspection, architectural or engineering activities;
- d. To “bodily injury”, “property damage” or “personal and advertising injury” arising out of any act, error or omissions that results from the additional insured’s sole negligence or wrongdoing;
- e. To any lessor of equipment after the equipment lease expires, or
- f. To any person or organization included as an insured by a separate additional insured endorsement issued by us and made a part of this Policy.

3. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – 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:

- a. Required by the contract or agreement; or
 - b. 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.

S. Additional Insured – Vendors

- 1. Paragraph 2. of **Section II – Who Is An Insured** is amended to include as an additional insured any person(s) or organization(s) that distribute or sell “your products” in the regular course of their business, hereafter referred to as vendors, to whom you are obligated by a written agreement to procure additional insured coverage under your Policy, but only with respect to “bodily injury” or “property damage” arising out of “your products” which are distributed or sold in the regular course of the vendor’s business.

2. Exclusions

With respect to the insurance provided by this provision, the following additional exclusions apply:

- a. This insurance does not apply to:
 - (1) “Bodily injury” or “property damage” for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;

- (2) Any express warranty unauthorized by you;
- (3) Any physical or chemical change in the product made intentionally by the vendor;
- (4) Repackaging, except when unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;
- (5) Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;
- (6) Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;
- (7) Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor; or
- (8) "Bodily injury" or "property damage" arising out of the sole negligence of the vendor for its own acts or omissions or those of its employees or anyone else acting on its behalf. However, this exclusion does not apply to:

- (a) The exceptions contained in Paragraphs (4) or (6); or

- (b) Such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products.

- b. This insurance does not apply to any insured person or organization, from which you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.

3. The insurance afforded to any person or organization as an insured under this provision:

- a. Applies only to coverage and minimum limits of insurance required by the written agreement, but in no event exceeds either the scope of coverage or the Limits of Insurance provided by this Policy;
- b. Does not apply to any person or organization for any "bodily injury" or "property damage" if any other additional insured endorsement attached to this Policy applies to that person or organization with regard to the "bodily injury" or "property damage";
- c. Applies only if the "bodily injury" or "property damage" occurs subsequent to the execution of the written agreement; and
- d. Applies only if the written agreement is in effect at the time the "bodily injury" or "property damage" occurs.

T. Primary And Noncontributory Additional Insured Extension

This provision applies to any person or organization who qualifies as an additional insured under any form or endorsement under this Policy.

The following is added to Condition 4., **Other Insurance** under **Section IV – Commercial General Liability Conditions**:

Primary And Noncontributory Insurance

This insurance is primary to and will not seek contribution from any other insurance available to an additional insured under your Policy provided that:

- (1) The additional insured is a Named Insured under such other insurance; and
- (2) You have agreed in writing in a contract or agreement that this insurance would be primary and would not seek contribution from any other insurance available to the additional insured. Regardless of the written agreement between you and an additional insured, this insurance is excess over any other insurance whether primary, excess, contingent or on any other basis for which the additional insured has been added as an additional insured on other policies.

U. Property Damage Liability – Elevators

1. Paragraphs (3), (4), and (6) under Exclusion j., **Damage To Property of Section I – Coverage A – Bodily Injury And Property Damage Liability**, do not apply if such “property damage” results from the use of elevators.
2. The insurance afforded by this provision is excess over any of the other insurance, whether primary, excess, contingent or on any other basis, that is property insurance.

V. Damage By Fire, Lightning, Explosion, Smoke Or Leakage

If Damage To Premises Rented To You is not otherwise excluded from this Coverage Part:

1. Under Paragraph 2. **Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability**:
 - a. The fourth from the last Paragraph of Exclusion j., **Damage To Property** is replaced by the following:

Paragraphs (1), (3), and (4) of this exclusion do not apply to “property damage” (other than damage by fire, lightning, explosion, smoke or leakage from automatic fire protection systems) to premises, including the contents of such premises, rented to you for a period of seven or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in **Section III – Limits Of Insurance**.
 - b. The last Paragraph is replaced by the following:

Exclusions c. through n. do not apply to damage by fire, lightning, explosion, smoke or leakage from automatic fire protection systems to premises while rented to you or temporarily occupied by you with permission of the owner. A separate Limit of Insurance applies to Damage To Premises Rented To You as described in **Section III – Limits Of Insurance**.
2. Paragraph 6. under **Section III – Limits Of Insurance**, is replaced by the following:
 6. Subject to Paragraph 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage A for damages because of “property damage” to any one premises, while rented to you, or in the case of damage by fire, lightning, explosion, smoke or leakage from automatic fire protection systems, while rented to you or temporarily occupied by you with permission of the owner. This limit is the greater of:
 - a. \$500,000; or
 - b. The amount shown in the Declarations for Damage To Premises Rented To You Limit.

3. The word “fire” is replaced with “fire, lightning, explosion, smoke or leakage from automatic fire protection systems” where it appears in:
 - a. **Section IV – Commercial General Liability Conditions**, Condition 4., **Other Insurance**, Paragraph **b. Excess Insurance**, Paragraph **(1)(b)**; and
 - b. **Section V – Definitions**, Paragraph **9.a.**

W. Location(s) General Aggregate Limit

1. For all sums which the insured becomes legally obligated to pay as damages caused by “occurrences” under **Section I – Coverage A – Bodily Injury And Property Damage Liability**, and for all medical expenses caused by accidents under **Section I – Coverage C – Medical Payments**, which can be attributed only to operations at a single “location”:
 - a. A separate Location General Aggregate Limit applies to each “location”, and that limit is equal to the amount of the General Aggregate Limit shown in the Declarations.
 - b. The Location General Aggregate Limit is the most we will pay for the sum of all damages under **Section I – Coverage A – Bodily Injury And Property Damage Liability**, except damages because of “bodily injury” or “property damage” included in the “products-completed operations hazard”, and for medical expenses under **Section I – Coverage C – Medical Payments** regardless of the number of:
 - (1) Insureds;
 - (2) Claims made or “suits” brought; or
 - (3) Persons or organizations making claims or bringing “suits”.
 - c. Any payments made under **Section I – Coverage A – Bodily Injury And Property Damage Liability** for damages or under **Section I – Coverage C – Medical Payments** for medical expenses shall reduce the Location General Aggregate Limit for that “location”. Such payments shall not reduce the General Aggregate Limit shown in the Declarations nor shall they reduce any other Location General Aggregate Limit for any other “location”.
 - d. The limits shown in the Declarations for Each Occurrence, Damage To Premises Rented To You, and Medical Expense continue to apply. However, instead of being subject to the General Aggregate Limit shown in the Declarations, such limits will be subject to the applicable Location General Aggregate Limit.
2. For all sums which the insured becomes legally obligated to pay as damages caused by “occurrences” under **Section I – Coverage A – Bodily Injury And Property Damage Liability**, and for all medical expenses caused by accidents under **Section I – Coverage C – Medical Payments**, which cannot be attributed only to operations at a single “location”:
 - a. Any payments made under **Coverage A – Bodily Injury And Property Damage Liability** for damages or under **Coverage C – Medical Payments** for medical expenses shall reduce the amount available under the General Aggregate Limit or the Products-Completed Operations Aggregate Limit whichever is applicable; and
 - b. Such payments shall not reduce any Location General Aggregate Limit.
3. When coverage for liability arising out of the “products-completed operations hazard” is provided, any payments for damages because of “bodily injury” or “property damage” included in the “products-completed operations hazard” will reduce the Products-Completed Operations Aggregate Limit, and not reduce the General Aggregate Limit nor the Location General Aggregate Limit.
4. For the purposes of this provision, the following is added to **Section V – Definitions**:
 “Location” means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.
5. The provisions of **Section III – Limits Of Insurance** not otherwise modified by this provision shall continue to apply as stipulated.

X. Waiver Of Transfer Of Rights Of Recovery Against Others To Us – When Required In A Written Contract Or Agreement With You

The following Paragraph is added to Condition **8.**, **Transfer Of Rights Of Recovery Against Others To Us** under **Section IV – Commercial General Liability Conditions**:

We waive any right of recovery we may have against a person or organization because of payments we make for injury or damage arising out of your ongoing operations or “your work” done under a contract with that person or organization and included in the “products-completed operations hazard” provided:

- a. You and that person or organization have agreed in writing in a contract or agreement that you waive such rights against that person or organization; and
- b. The injury or damage occurs subsequent to the execution of the written contract or written agreement.

Y. Knowledge Of Occurrence, Offense, Claim Or Suit

Except with respect to Professional Liability Paragraph **2.(2)(a)** in Section **A.**, **Professional Services Liability** of this endorsement, the following is added to Condition **2.**, **Duties In The Event Of Occurrence, Offense, Claim Or Suit** under **Section IV – Commercial General Liability Conditions**:

Knowledge of an “occurrence”, offense, claim or “suit” by an agent, servant or “employee” of any insured shall not in itself constitute knowledge of the insured unless your school superintendent, business manager or a person who has been designated by them to receive reports of “occurrences”, offenses, claims and “suits” shall have received such notice from the agent, servant or “employee”.

Z. Failure To Disclose Hazards And Prior Occurrences

The following is added to Condition **6.**, **Representations** under **Section IV – Commercial General Liability Conditions**:

Your failure to disclose all hazards or prior “occurrences” existing as of the inception date of the Policy shall not prejudice the coverage afforded by this Policy provided such failure to disclose all hazards or prior “occurrences” is not intentional.

AA. Liberalization Clause

If we revise this School Amendatory Endorsement to provide more coverage without additional premium charge, your Policy will automatically provide the coverage as of the day the revision is effective in your state.

BB. Bodily Injury Redefined

The definition of “bodily injury” in Paragraph **3.** of **Section V – Definitions** is replaced by the following:

3. “Bodily injury” means physical injury, sickness or disease sustained by a person. This includes mental anguish, mental injury, shock, fright or death that results from such physical injury, sickness or disease.

| | |
|--|---|
| Policy Number: CBP 8526587 | |
| Coverage Is Provided In THE NETHERLANDS INSURANCE COMPANY-A STOCK COMPANY | |
| Named Insured: ACADEMY OF DOVER | Agent: L & W INSURANCE |
| | Agent Code: 5290824 Agent Phone: (302)-674-3500 |

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYEE BENEFITS LIABILITY COVERAGE

**THIS ENDORSEMENT PROVIDES CLAIMS-MADE COVERAGE.
PLEASE READ THE ENTIRE ENDORSEMENT CAREFULLY.**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

| Coverage | Limit Of Insurance | | Deductible | | Premium |
|----------------------------|--------------------|---------------|------------|---------------|-----------|
| Employee Benefits Programs | \$ 1,000,000 | each employee | \$ 1,000 | each employee | \$INCUDED |
| | \$ 3,000,000 | aggregate | | | |
| Retroactive Date: | 12/18/2002 | | | | |

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

A. The following is added to Section I – Coverages:

COVERAGE – EMPLOYEE BENEFITS LIABILITY

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of any act, error or omission, of the insured, or of any other person for whose acts the insured is legally liable, to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages to which this insurance does not apply. We may, at our discretion, investigate any report of an act, error or omission and settle any "claim" or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Paragraph E. (Section III – Limits Of Insurance); and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments.

- b. This insurance applies to damages only if:
 - (1) The act, error or omission, is negligently committed in the "administration" of your "employee benefit program";
 - (2) The act, error or omission, did not take place before the Retroactive Date, if any, shown in the Schedule nor after the end of the policy period; and
 - (3) A "claim" for damages, because of an act, error or omission, is first made against any insured, in accordance with Paragraph c. below, during the policy period or an Extended Reporting Period we provide under Paragraph G. of this endorsement.
- c. A "claim" seeking damages will be deemed to have been made at the earlier of the following times:
 - (1) When notice of such "claim" is received and recorded by any insured or by us, whichever comes first; or
 - (2) When we make settlement in accordance with Paragraph 1.a. above.

A "claim" received and recorded by the insured within 60 days after the end of the policy period will be considered to have been received within the policy period, if no subsequent policy is available to cover the claim.
- d. All "claims" for damages made by an "employee" because of any act, error or omission, or a series of related acts, errors or omissions, including damages claimed by such "employee's" dependents and beneficiaries, will be deemed to have been made at the time the first of those "claims" is made against any insured.

2. Exclusions

This insurance does not apply to:

a. Dishonest, Fraudulent, Criminal Or Malicious Act

Damages arising out of any intentional, dishonest, fraudulent, criminal or malicious act, error or omission, committed by any insured, including the willful or reckless violation of any statute.

b. Bodily Injury, Property Damage, Or Personal And Advertising Injury

"Bodily injury", "property damage" or "personal and advertising injury".

c. Failure To Perform A Contract

Damages arising out of failure of performance of contract by any insurer.

d. Insufficiency Of Funds

Damages arising out of an insufficiency of funds to meet any obligations under any plan included in the "employee benefit program".

e. Inadequacy Of Performance Of Investment/Advice Given With Respect To Participation

Any "claim" based upon:

- (1) Failure of any investment to perform;
- (2) Errors in providing information on past performance of investment vehicles; or
- (3) Advice given to any person with respect to that person's decision to participate or not to participate in any plan included in the "employee benefit program".

f. Workers' Compensation And Similar Laws

Any "claim" arising out of your failure to comply with the mandatory provisions of any workers' compensation, unemployment compensation insurance, social security or disability benefits law or any similar law.

g. ERISA

Damages for which any insured is liable because of liability imposed on a fiduciary by the Employee Retirement Income Security Act of 1974, as now or hereafter amended, or by any similar federal, state or local laws.

h. Available Benefits

Any "claim" for benefits to the extent that such benefits are available, with reasonable effort and cooperation of the insured, from the applicable funds accrued or other collectible insurance.

i. Taxes, Fines Or Penalties

Taxes, fines or penalties, including those imposed under the Internal Revenue Code or any similar state or local law.

j. Employment-Related Practices

Damages arising out of wrongful termination of employment, discrimination, or other employment-related practices.

B. For the purposes of the coverage provided by this endorsement:

1. All references to Supplementary Payments – Coverages **A** and **B** are replaced by Supplementary Payments – Coverages **A, B** and **Employee Benefits Liability**.
2. Paragraphs **1.b.** and **2.** of the Supplementary Payments provision do not apply.

C. For the purposes of the coverage provided by this endorsement, Paragraphs 2. and 4. of Section II – Who Is An Insured are replaced by the following:

2. Each of the following is also an insured:

- a. Each of your "employees" who is or was authorized to administer your "employee benefit program".
 - b. Any persons, organizations or "employees" having proper temporary authorization to administer your "employee benefit program" if you die, but only until your legal representative is appointed.
 - c. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Endorsement.
- 4. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if no other similar insurance applies to that organization. However:**
- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier.
 - b. Coverage under this provision does not apply to any act, error or omission that was committed before you acquired or formed the organization.

D. For the purposes of the coverage provided by this endorsement, Paragraph 3. of Section II – Who Is An Insured does not apply.

E. For the purposes of the coverage provided by this endorsement, Section III – Limits Of Insurance is replaced by the following:

1. Limits Of Insurance

- a. The Limits of Insurance shown in the Schedule and the rules below fix the most we will pay regardless of the number of:

- (1) Insureds;
- (2) "Claims" made or "suits" brought;
- (3) Persons or organizations making "claims" or bringing "suits";
- (4) Acts, errors or omissions; or
- (5) Benefits included in your "employee benefit program".

- b. The Aggregate Limit is the most we will pay for all damages because of acts, errors or omissions negligently committed in the "administration" of your "employee benefit program".

- c. Subject to the Aggregate Limit, the Each Employee Limit is the most we will pay for all damages sustained by any one "employee", including damages sustained by such "employee's" dependents and beneficiaries, as a result of:

- (1) An act, error or omission; or
- (2) A series of related acts, errors or omissions

negligently committed in the "administration" of your "employee benefit program".

However, the amount paid under this endorsement shall not exceed, and will be subject to, the limits and restrictions that apply to the payment of benefits in any plan included in the "employee benefit program".

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

2. Deductible

- a. Our obligation to pay damages on behalf of the insured applies only to the amount of damages in excess of the deductible amount stated in the Schedule as applicable to Each Employee. The limits of insurance shall not be reduced by the amount of this deductible.
- b. The deductible amount stated in the Schedule applies to all damages sustained by any one "employee", including such "employee's" dependents and beneficiaries, because of all acts, errors or omissions to which this insurance applies.
- c. The terms of this insurance, including those with respect to:
 - (1) Our right and duty to defend any "suits" seeking those damages; and
 - (2) Your duties, and the duties of any other involved insured, in the event of an act, error or omission, or "claim"apply irrespective of the application of the deductible amount.
- d. We may pay any part or all of the deductible amount to effect settlement of any "claim" or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as we have paid.

F. For the purposes of the coverage provided by this endorsement, Conditions 2. and 4. of **Section IV – Conditions** are replaced by the following:

2. Duties In The Event Of An Act, Error Or Omission, Or "Claim" Or "Suit"

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

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under this endorsement, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when **b.** below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in **c.** below.

b. Excess Insurance

- (1) This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis that is effective prior to the beginning of the policy period shown in the Schedule of this insurance and that applies to an act, error or omission on other than a claims-made basis, if:
 - (a) No Retroactive Date is shown in the Schedule of this insurance; or
 - (b) The other insurance has a policy period which continues after the Retroactive Date shown in the Schedule of this insurance.
- (2) When this insurance is excess, we will have no duty to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.
- (3) When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of the total amount that all such other insurance would pay for the loss in absence of this insurance; and the total of all deductible and self-insured amounts under all that other insurance.
- (4) We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Schedule of this endorsement.

c. Method Of Sharing

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

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

- G.** For the purposes of the coverage provided by this endorsement, the following Extended Reporting Period provisions are added, or, if this endorsement is attached to a claims-made Coverage Part, replaces any similar Section in that Coverage Part:

EXTENDED REPORTING PERIOD

1. You will have the right to purchase an Extended Reporting Period, as described below, if:
 - a. This endorsement is canceled or not renewed; or
 - b. We renew or replace this endorsement with insurance that:
 - (1) Has a Retroactive Date later than the date shown in the Schedule of this endorsement; or
 - (2) Does not apply to an act, error or omission on a claims-made basis.
2. The Extended Reporting Period does not extend the policy period or change the scope of coverage provided. It applies only to "claims" for acts, errors or omissions that were first committed before the end of the policy period but not before the Retroactive Date, if any, shown in the Schedule. Once in effect, the Extended Reporting Period may not be canceled.
3. An Extended Reporting Period of five years is available, but only by an endorsement and for an extra charge.

You must give us a written request for the endorsement within 60 days after the end of the policy period. The Extended Reporting Period will not go into effect unless you pay the additional premium promptly when due.

We will determine the additional premium in accordance with our rules and rates. In doing so, we may take into account the following:

- a. The "employee benefit programs" insured;
- b. Previous types and amounts of insurance;
- c. Limits of insurance available under this endorsement for future payment of damages; and
- d. Other related factors.

The additional premium will not exceed 100% of the annual premium for this endorsement.

The Extended Reporting Period endorsement applicable to this coverage shall set forth the terms, not inconsistent with this Section, applicable to the Extended Reporting Period, including a provision to the effect that the insurance afforded for "claims" first received during such period is excess over any other valid and collectible insurance available under policies in force after the Extended Reporting Period starts.

4. If the Extended Reporting Period is in effect, we will provide an extended reporting period aggregate limit of insurance described below, but only for claims first received and recorded during the Extended Reporting Period.

The extended reporting period aggregate limit of insurance will be equal to the dollar amount shown in the Schedule of this endorsement under Limits of Insurance.

Paragraph **E.1.b.** of this endorsement will be amended accordingly. The Each Employee Limit shown in the Schedule will then continue to apply as set forth in Paragraph **E.1.c.**

- H. For the purposes of the coverage provided by this endorsement, the following definitions are added to the **Definitions** Section:

1. "Administration" means:

- a. Providing information to "employees", including their dependents and beneficiaries, with respect to eligibility for or scope of "employee benefit programs";
- b. Handling records in connection with the "employee benefit program"; or
- c. Effecting, continuing or terminating any "employee's" participation in any benefit included in the "employee benefit program".

However, "administration" does not include handling payroll deductions.

2. "Cafeteria plans" means plans authorized by applicable law to allow employees to elect to pay for certain benefits with pre-tax dollars.

3. "Claim" means any demand, or "suit", made by an "employee" or an "employee's" dependents and beneficiaries, for damages as the result of an act, error or omission.

4. "Employee benefit program" means a program providing some or all of the following benefits to "employees", whether provided through a "cafeteria plan" or otherwise:

- a. Group life insurance; group accident or health insurance; dental, vision and hearing plans; and flexible spending accounts; provided that no one other than an "employee" may subscribe to such benefits and such benefits are made generally available to those "employees" who satisfy the plan's eligibility requirements;
- b. Profit sharing plans, employee savings plans, employee stock ownership plans, pension plans and stock subscription plans, provided that no one other than an "employee" may subscribe to such benefits and such benefits are made generally available to all "employees" who are eligible under the plan for such benefits;
- c. Unemployment insurance, social security benefits, workers' compensation and disability benefits;
- d. Vacation plans, including buy and sell programs; leave of absence programs, including military, maternity, family, and civil leave; tuition assistance plans; transportation and health club subsidies; and
- e. Any other similar benefits designated in the Schedule or added thereto by endorsement.

- I. For the purposes of the coverage provided by this endorsement, Definitions **5.** and **18.** in the **Definitions** Section are replaced by the following:

5. "Employee" means a person actively employed, formerly employed, on leave of absence or disabled, or retired. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

18. "Suit" means a civil proceeding in which damages because of an act, error or omission to which this insurance applies are alleged. "Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – LEAD LIABILITY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
COMMERCIAL PROTECTOR[®] LIABILITY COVERAGE FORM

This insurance does not apply to:

1. “Bodily injury”, “property damage” or “personal and advertising injury” arising, in whole or in part, either directly or indirectly out of the mining, processing, manufacture, storage, distribution, sale, installation, removal, disposal, handling, inhalation, ingestion, absorption, use or existence of, exposure to, or contact with lead or lead contained in goods, products or materials; or
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 lead or lead contained in goods, products or materials; 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 lead or lead contained in goods, products or materials.

SEXUAL MISCONDUCT OR MOLESTATION LIABILITY COVERAGE FORM

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

Throughout this form the word "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.

The word "insured" means any person or organization qualifying as such under SECTION II – WHO IS AN INSURED.

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

SECTION I – COVERAGE

A. Insuring Agreement

1. We will pay those sums that the insured becomes legally obligated to pay because of "loss" arising out of:
 - a. A "wrongful act" to which this insurance applies but only to the extent of the insured's "vicarious liability"; or
 - b. The insured's:
 - (1) Negligent:
 - (a) Employment;
 - (b) Investigation;
 - (c) Supervision;
 - (d) Retention;
 - (e) Training;
 - (f) Reporting to proper authorities, or failure to report to proper authorities, of a person who committed a "wrongful act"; or
 - (2) Negligent act, or failure to act, upon receipt of a complaint arising out of a "wrongful act"; but only if the "wrongful act" to which this insurance applies is committed without the knowledge, consent, direction or participation of the insured.
2. This insurance applies only if the "loss" arises from a "wrongful act" that is committed in the "coverage territory" and during the "policy period".
3. The amount we will pay for "loss" is limited as described in LIMITS OF INSURANCE (SECTION III).
4. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under paragraph **I.B.** Defense and Defense Expense.

B. Defense and Defense Expense

1. We will have the right and duty to defend the insured against any "suit" seeking "loss" to which this insurance applies. We may, at our discretion, investigate any "wrongful act" and settle any claim or "suit" that may result. But:
 - a. When the Each Loss Limit or Aggregate Limit has been used up in the payment of "loss", our duty to defend the insured ends with respect to any "suit" seeking "loss" subject to such exhausted limit; and
 - b. We will have no duty to defend the insured against any "suit" seeking "loss" to which this insurance does not apply.

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2. We will pay with respect to any claim we settle, or any "suit" against the insured we defend:
 - a. All expenses we incur.
 - b. The cost of appeal bonds and bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
 - c. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 per day because of time off from work.
 - d. All costs taxed against the insured in the "suit."
 - e. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

C. Exclusions

This insurance does not apply:

1. Contractual Liability

To any "loss" for which the insured is obligated to pay by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability the insured would have in the absence of such contract or agreement.

2. Workers Compensation and Similar Laws

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

3. Employers Liability

To claims made or "suits" brought by:

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

This exclusion applies:

1. Whether the insured may be liable as an employer or in any other capacity; and
2. To any obligation to share damages with or repay someone else who must pay damages because of a claim or "suit" described in paragraph a. or b. above.

4. Violation of Penal or Criminal Statute

To the cost of defense of, or payment of fines or penalties for any person who actually or allegedly violated any penal or criminal statute.

5. Punitive Damages And Other Noncompensatory Damages

To punitive or exemplary damages, multiplied portion of multiple damages, or fines or penalties imposed by law.

6. Late Notification Of An Incident

If you fail to give us written notice within 90 days of your being notified of an incident which could reasonably be expected to result in a claim or "suit" involving a "wrongful act".

SECTION II – WHO IS AN INSURED

A. If you are designated in the Declarations as:

1. 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.
2. 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.
3. An organization other than a partnership or joint venture, you are an insured. Your stockholders are also insureds but only with respect to their liability as stockholders.

B. Each of the following is also an insured:

1. Your "executive officers" and directors are insureds, but only with respect to their duties as your "executive officers" and directors.
2. Any of your trustees or members of your Board of Governors, if you are an educational institution, but only with respect to their duties as such.
3. Any of your board members or commissioners, if you are a public board or commission, but only with respect to their duties as such.
4. Any:
 - a. Trustee, official or member of the Board of Governors, or
 - b. Members of the clergy,if you are a church, but only with respect to their duties as such.
5. Any of your "employees", other than your "executive officers", but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, no "employee" is an insured for claims made or "suits" brought :
 - a. By you, your partners or members (if you are a partnership or joint venture), or by a co-"employee" for "loss" arising out of and in the course of his or her employment or performing duties related to the conduct of your business;
 - b. By the spouse, child, parent, brother or sister of that co-"employee" as a consequence of paragraph a. above; or
 - c. For which there is any obligation to share damages with or repay someone else who must pay damages because of a claim or "suit" described in paragraph a. or b. above.
6. With respect to the liability of insureds described above, the heirs, administrators, assigns, and legal representatives of each insured in the event of death, incapacity, or bankruptcy.
7. Any of your student teachers teaching as part of their educational requirements but only within the scope of their duties for you.
8. Any of your "volunteer workers", but only while acting at your direction and within the scope of their duties for you.
9. Any of your church members, if you are a church, but only with respect to their liability for your activities or activities they perform on your behalf.

C. Any organization you newly acquire or form, other than a partnership or joint venture, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:

- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
- b. Coverage does not apply to "wrongful acts" that occurred before you acquired or formed the organization.

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

SECTION III – LIMITS OF INSURANCE

- A. The Limits of Insurance shown in the Schedule and the rules below fix the most we will pay regardless of the number of:

1. Insureds;
2. Claims made or "suits" brought; or
3. Persons making claims or bringing "suits".

B. Aggregate Limit

The Aggregate Limit is the most we will pay for all "loss" arising from all "wrongful acts" to which this insurance applies.

C. Each Loss Limit

Subject to B. above, the Each Loss Limit is the most we will pay for the sum of all "loss" arising out of any "one wrongful act" to which this insurance applies.

- D. If the "policy period" of this Coverage Part is in effect for a period of more than one year, the Aggregate Limit applies separately to each consecutive annual period, and to any remaining period of less than 12 months, starting with the beginning of the "policy period". But if the "policy period" is extended after issuance for less than 12 months, the additional period will be deemed part of the last preceding period for the purposes of determining the Aggregate Limit.

SECTION IV – SEXUAL MISCONDUCT AND MOLESTATION LIABILITY CONDITIONS

We have no duty to provide insurance under this Coverage Part unless you and any other involved insured have fully complied with Conditions contained in the Coverage Part.

A. Bankruptcy

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

B. Duties In The Event Of Wrongful Act, Claim Or Suit

(See Also Exclusion 6.)

1. You must see to it that we are notified, in writing and within 90 days of any notice to you, of an incident or a "wrongful act" which could reasonably be expected to result in a claim or "suit". To the extent possible, notice should include:
 - a. How, when and where the incident or "wrongful act" took place;
 - b. The names and addresses of any involved person(s) and witnesses; and
 - c. The nature of the harm resulting from the "wrongful act".
2. If a claim is made or "suit" is brought against any insured, you must:
 - a. Immediately record the specifics of the claim or "suit" and the date received; and
 - b. Notify us promptly.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

3. You and any other involved insured must:
 - a. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";

- b. Authorize us to obtain records and other information;
 - c. Cooperate with us in the investigation, 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 insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.

C. Legal Action Against Us

No person or organization has a right under this Coverage Part:

1. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
2. To sue us on this Coverage Part

unless all of its terms have been fully complied with.

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

D. Other Insurance

If other valid and collectible insurance is available to the insured for "loss" we cover under this coverage part, 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 below.

Method of Sharing

1. If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach, each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the "loss" remains, whichever comes first.
2. 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.

E. Premium Audit

1. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
2. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. 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 time as we may request.

F. Representations

By accepting this 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 representations.

G. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

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

H. Transfer Of Rights Of Recovery Against Others To Us

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

I. Two Or More Coverage Parts

1. Except for the insurance provided by this Coverage Part, the policy to which this Coverage Part forms a part does not apply to any claim or "suit" seeking damages arising out of any "wrongful act".
2. If "one wrongful act" applies to this Coverage Part and any other Coverage Parts or policies that provide similar insurance but with different "policy periods" and are issued to you by us or any of our affiliates, the maximum limit of insurance for all such Coverage Parts or policies shall be the highest applicable limit of insurance under any Coverage Part or policy.

J. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

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

Any State amendatory endorsement changing Nonrenewal Conditions for any part of the policy to which this Coverage Part forms a part, shall also apply to this Coverage Part.

K. Common Policy Conditions

The following additional conditions apply with respect to this Coverage Part:

1. The Common Policy Conditions contained in form IL 00 17, or if Common Policy Conditions form BP 00 09 is made a part of this policy, paragraphs A., B., D., E., I. and L. of that form; and
2. Any applicable State amendments thereto.

SECTION V – DEFINITIONS

A. "Coverage territory" means

1. The United States of America (including its territories and possessions), Puerto Rico and Canada;
2. International waters or airspace, provided the "wrongful act" does not occur in the course of travel or transportation to or from any place not included in 1. above;
3. All parts of the world if
 - a. The "loss" arises out of the activities of the person whose home is in the territory described in 1. above, but is away for a short time on your business; and
 - b. The insured's responsibility to pay "loss" is determined in a "suit" on the merits, in the territory described in 1. above or in a settlement we agree to.

B. "Employee" includes a "leased worker" or a substitute teacher. "Employee" does not include a "temporary worker".

C. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.

- D.** "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".
- E.** "Loss" means damages, judgments (including prejudgment interest awarded against the insured on that part of the judgment paid by us), or settlements. "Loss" does not include non-monetary relief, punitive or exemplary damages, multiplied portion of multiple damages, fines or penalties imposed by law, or matters deemed uninsurable according to the law under which this policy is construed.
- If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- F.** "One wrongful act" means a single "wrongful act" or a series of related "wrongful acts" committed by one person, or by two or more persons acting together.
- G.** "Policy period" means the period stated in the Declarations of the policy of which this Coverage Part forms a part including an extension after issuance of the policy for an additional period of less than 12 months. However:
1. If this Coverage Part is issued to be effective subsequent to the effective date of such policy, the "policy period" for this Coverage Part will start with the effective date of the Coverage Part; and
 2. If this Coverage Part is cancelled prior to the expiration date of such policy, the "policy period" for this Coverage Part will end with the cancellation date of the Coverage Part.
- H.** "Suit" means a civil proceeding in which damages because of a "wrongful act" to which this insurance applies are alleged. "Suit" includes:
1. An arbitration proceeding in which such damages are claimed and to which you must submit or do submit with our consent; or
 2. Any other alternative dispute resolution proceeding in which such damages are claimed and to which you submit with our consent.
- I.** "Temporary worker" means a person other than a substitute teacher who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short- term workload conditions.
- J.** "Vicarious liability" means liability that the insured derives from the person who committed the "wrongful act" because of the relationship between such a person and the insured, and the "wrongful act" is committed without the knowledge, consent, direction or participation of the insured.
- K.** "Volunteer worker" means a person who donates her or his services to you with your knowledge and consent, and who is not paid a fee, salary or other remuneration.
- L.** "Wrongful act" means any actual or alleged sexual misconduct toward, or sexual molestation of, another person.

QUICK REFERENCE

SEXUAL MISCONDUCT AND MOLESTATION LIABILITY COVERAGE PART

READ YOUR POLICY CAREFULLY

The Sexual Misconduct and Molestation Liability Coverage Part in your policy consists of Declarations, a Coverage Form (17-78), Common Policy Conditions and Endorsements, if applicable. Following is a Quick Reference indexing of the principal provisions contained in each of the components making up the Coverage Part, listed in sequential order, except for the provisions in the Declarations and/or Schedule which may not be in the sequence shown.

DECLARATIONS/SCHEDULE

- Named Insured and Mailing Address
- Policy Period
- Limits of Insurance
- Premium
- Forms and Endorsements applying to the Coverage Form at time of issue

COVERAGE FORM (17-78)

SECTION I - COVERAGES

- Insuring Agreement
- Defense and Defense Expense
- Exclusions

SECTION II - WHO IS AN INSURED

SECTION III - LIMITS OF INSURANCE

SECTION IV - CONDITIONS

- Bankruptcy
- Duties In The Event Of A Wrongful Act, Claim Or Suit
- Legal Action Against Us
- Other Insurance
- Premium Audit
- Representations
- Separation Of Insureds
- Transfer Of Rights Of Recovery Against Others To Us
- Two Or More Coverage Parts
- When We Do Not Renew

SECTION V - DEFINITIONS

COMMON POLICY CONDITIONS

- Cancellations
- Changes
- Examination Of Your Books And Records
- Inspections And Surveys
- Premiums
- Transfer Of Your Rights And Duties Under This Policy

ENDORSEMENTS (If Any)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – ASBESTOS LIABILITY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
COMMERCIAL PROTECTOR[®] LIABILITY COVERAGE FORM

This insurance does not apply to:

1. "Bodily injury", "property damage" or "personal and advertising injury" arising, in whole or in part, either directly or indirectly out of the manufacture, storage, processing, mining, use, sale, installation, removal, disposal, distribution, handling, inhalation, ingestion, absorption, or existence of, exposure to or contact with asbestos, asbestos contained in goods, products or materials, asbestos fibers or asbestos dust; or
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 asbestos, asbestos contained in goods, products or materials, asbestos fibers or asbestos dust; 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 asbestos, asbestos contained in goods, products or materials, asbestos fibers or asbestos dust.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SEXUAL MISCONDUCT AND MOLESTATION LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

This insurance does not apply to "bodily injury", "property damage", or "personal and advertising injury" arising out of:

- 1.** Any actual or alleged sexual misconduct or sexual molestation of any person; and
- 2.** Any allegations relating thereto that:
 - a.** An insured negligently employed, investigated, trained, supervised, reported to proper authorities or failed to so report, or retained a person whose conduct would be excluded by **1.** above, or
 - b.** Are based on an alleged practice, custom or policy, including but not limited to any allegation that a person's civil rights have been violated.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – SILICA

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
CUSTOM COMMERCIAL PROTECTOR GENERAL LIABILITY COVERAGE FORM

A. The following is added to paragraph 2. Exclusions of COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY under SECTION I – COVERAGES:

This insurance does not apply to:

Silica

- (1) “Bodily injury” arising, or allegedly arising, in whole or in part, from the inhalation, ingestion, absorption of or exposure to silica in any form or any substance containing silica, either alone, or in combination with other substances or factors, whether included in a product or otherwise; or
- (2) “Property damage” arising, or allegedly arising, in whole or in part, from silica in any form or any substance containing silica, either alone, or in combination with other substances or factors, whether included in a product or otherwise; or
- (3) Any loss, cost or expense arising out of any:
 - (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of silica in any form or any substance containing silica, either alone, or in combination with other substances or factors, whether included in a product or otherwise; 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 silica in any form or any substance containing silica, either alone, or in combination with other substances or factors, whether included in a product or otherwise.

B. The following is added to paragraph 2. Exclusions of COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY under SECTION I – COVERAGES:

This insurance does not apply to:

Silica

- (1) “Personal and advertising injury” arising, or allegedly arising, in whole or in part, from silica in any form or any substance containing silica, either alone, or in combination with other substances or factors, whether included in a product or otherwise; or
- (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 silica in any form or any substance containing silica, either alone, or in combination with other substances or factors, whether included in a product or otherwise; 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 silica in any form or any substance containing silica, either alone, or in combination with other substances or factors, whether included in a product or otherwise.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INNOCENT PARTY DEFENSE COVERAGE ENDORSEMENT

This endorsement modifies insurance provided under the following:

SEXUAL MISCONDUCT AND MOLESTATION LIABILITY COVERAGE PART

SCHEDULE

Aggregate Defense Expense Amount \$

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

With respect to any insured for whom insurance is not provided under Section **I.A. Insuring Agreement** because he or she allegedly commits, directs, participates in, has knowledge of or consents to a "wrongful act", Section **I.B. Defense and Defense Expense** is replaced by the following:

1. We will have the right but not the obligation to defend the insured against any "suit" seeking "loss". We may, at our discretion, investigate any "wrongful act" and settle any claim or "suit" that may result.
2. Subject to the Aggregate Defense Expense Amount shown in the Schedule:
 - a. We will pay "defense expenses" with respect to any "suit" against the insured we elect to defend. However, we have no obligation to pay any "loss" amounts the insured becomes legally obligated to pay, nor appeal any adverse judgments.
 - b. If we elect not to defend the insured against a "suit", we will only reimburse the insured for the amount of her or his "defense expenses" if there is a "final adjudication" in the "suit" that such insured did not commit, direct, participate in, have knowledge of or consent to a "wrongful act".

Our obligation to pay or reimburse for "defense expenses" ends when the Aggregate Defense Expense Amount has been used up in the payment or reimbursement of "defense expenses".

3. The Aggregate Defense Expense Amount is the most we will pay or reimburse for the sum of all "defense expenses" arising out of paragraph 2. above. If the "policy period" is for more than one year, the Aggregate Defense Expense Amount 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". But if the "policy period" is extended after issuance for less than 12 months, the additional period will be deemed part of the last preceding period for the purposes of determining the Aggregate Defense Expense Amount.
4. As used in this endorsement:
 - a. "Defense expenses" means those reasonable and necessary expenses that result from the defense of a specific claim, including:
 - (1) Attorney and paralegal fees and expenses;

(2) Costs of legal proceedings;

(3) 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.

"Defense expenses" does not include salaries and expenses of our employees, including our employed attorneys, salaries and expense of the insured's employees (other than those described in paragraph a.(3) above), or fees and expenses of independent adjusters we hire.

b. "Final adjudication" means an actual trial involving the following:

(1) A finding of facts;

(2) A presentation of witnesses; and

(3) A final resolution on the merits in which all appeals are exhausted.

All other terms, conditions and exclusions shall remain the same.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WAR LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

DIRECTORS AND OFFICERS LIABILITY COVERAGE PART
(CONDOMINIUM ASSOCIATIONS AND HOMEOWNERS ASSOCIATIONS)
DIRECTORS AND OFFICERS LIABILITY COVERAGE PART
EMPLOYEE BENEFITS LIABILITY COVERAGE PART
EMPLOYERS STOP GAP LIABILITY COVERAGE PART
EMPLOYMENT PRACTICES LIABILITY COVERAGE PART
LAW ENFORCEMENT PROFESSIONAL LIABILITY COVERAGE PART
LIMITED POLLUTION LIABILITY COVERAGE PART – DESIGNATED STORAGE TANKS
PASTORAL PROFESSIONAL LIABILITY COVERAGE PART
PRINTERS ERRORS AND OMISSIONS LIABILITY COVERAGE PART
RELIGIOUS ORGANIZATIONS DIRECTORS AND OFFICERS LIABILITY COVERAGE PART
SCHOOL LEADERS ERRORS AND OMISSIONS COVERAGE PART
SEXUAL MISCONDUCT AND MOLESTATION LIABILITY COVERAGE PART

A. If your policy contains one or more of the following Coverage Parts:

DIRECTORS AND OFFICERS LIABILITY COVERAGE PART (CONDOMINIUM ASSOCIATIONS AND HOMEOWNERS ASSOCIATIONS)
DIRECTORS AND OFFICERS LIABILITY COVERAGE PART
EMPLOYEE BENEFITS LIABILITY COVERAGE PART
EMPLOYMENT PRACTICES LIABILITY COVERAGE PART
PASTORAL PROFESSIONAL LIABILITY COVERAGE PART
PRINTERS ERRORS AND OMISSIONS LIABILITY COVERAGE PART
RELIGIOUS ORGANIZATIONS DIRECTORS AND OFFICERS LIABILITY COVERAGE PART
SCHOOL LEADERS ERRORS AND OMISSIONS COVERAGE PART
SEXUAL MISCONDUCT AND MOLESTATION LIABILITY COVERAGE PART

The following exclusion is added:

This insurance does not apply to:

War

Injury or damage, however caused, arising, directly or indirectly, out of:

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

B. If your policy contains **LIMITED POLLUTION LIABILITY COVERAGE PART – DESIGNATED STORAGE TANKS**, the following exclusion is added to Section **I.C. Exclusions**:

This insurance does not apply to:

War

"Bodily injury", "property damage" or "corrective action costs", however caused, arising, directly or indirectly, out of:

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

- C. If your policy contains **EMPLOYERS STOP GAP LIABILITY COVERAGE PART**, exclusion 16. under Section I.C. **Exclusions** is replaced by the following:

This insurance does not apply to:

16. War

"Bodily injury", however caused, arising, directly or indirectly, out of:

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

- D. If your policy contains **LAW ENFORCEMENT PROFESSIONAL LIABILITY COVERAGE PART**, Section I.C. **Exclusions** is amended as follows:

1. Exclusion 12. is replaced by the following:

This insurance does not apply to:

12. Labor, Strike Or Civil Commotion

Any "claim" arising out of a labor strike, civil disturbance, riot or civil commotion.

2. The following exclusion is added:

This insurance does not apply to:

War

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NON-CUMULATION OF LIABILITY (SAME OCCURRENCE)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following is added to paragraph 5. under **SECTION III – LIMITS OF INSURANCE:**

Non-Cumulation of Liability – Same Occurrence – If one “occurrence” causes “bodily injury” or “property damage” during the policy period and during the policy period of one or more prior, or future, general liability policy(ies) issued to you by us, then this policy’s Each Occurrence Limit will be reduced by the amount of each payment made by us under the other policy(ies) because of such “occurrence.”

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

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

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

The word "insured" means any person or organization qualifying as such under Section II – Who Is An Insured.

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

SECTION I – COVERAGES

COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

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

- (1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance; and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A and B.

b. This insurance applies to "bodily injury" and "property damage" only if:

- (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
- (2) The "bodily injury" or "property damage" occurs during the policy period; and
- (3) Prior to the policy period, no insured listed under Paragraph 1. of Section II – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

- (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
- (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
- (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

- e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. Exclusions

This insurance does not apply to:

a. Expected Or Intended Injury

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

b. Contractual Liability

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

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

c. Liquor Liability

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

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

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

d. Workers' Compensation And Similar Laws

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

e. Employer's Liability

"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:

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

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 from equipment used to heat that building;
 - (ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or
 - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";
 - (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
 - (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:
 - (i) Any insured; or
 - (ii) Any person or organization for whom you may be legally responsible; or
 - (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
 - (i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;
 - (ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
 - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".
 - (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".
- (2) Any loss, cost or expense arising out of any:
 - (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
 - (b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

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

g. Aircraft, Auto Or Watercraft

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

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

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 26 feet long; and
 - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in Paragraph **f.(2)** or **f.(3)** of the definition of "mobile equipment".

h. Mobile Equipment

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

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

i. War

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

j. Damage To Property

"Property damage" to:

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

Paragraphs **(1)**, **(3)** and **(4)** of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section **III – Limits Of Insurance**.

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

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

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

k. Damage To Your Product

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

l. Damage To Your Work

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

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

m. Damage To Impaired Property Or Property Not Physically Injured

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

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

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

n. Recall Of Products, Work Or Impaired Property

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

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

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

o. Personal And Advertising Injury

"Bodily injury" arising out of "personal and advertising injury".

Exclusions **c.** through **n.** do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section **III – Limits Of Insurance**.

COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

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

- (1)** The amount we will pay for damages is limited as described in Section **III – Limits Of Insurance** ; and

(2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages **A** or **B** or medical expenses under Coverage **C**.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages **A** and **B**.

b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

a. Knowing Violation Of Rights Of Another

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

b. Material Published With Knowledge Of Falsity

"Personal and advertising injury" arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity.

c. Material Published Prior To Policy Period

"Personal and advertising injury" arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.

d. Criminal Acts

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

e. Contractual Liability

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

f. Breach Of Contract

"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

g. Quality Or Performance Of Goods – Failure To Conform To Statements

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

h. Wrong Description Of Prices

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

i. Infringement Of Copyright, Patent, Trademark Or Trade Secret

"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights.

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

j. Insureds In Media And Internet Type Businesses

"Personal and advertising injury" committed by an insured whose business is:

(1) Advertising, broadcasting, publishing or telecasting;

(2) Designing or determining content of web-sites for others; or

(3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **14.a.**, **b.** and **c.** of "personal and advertising injury" under the Definitions Section.

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

k. Electronic Chatrooms Or Bulletin Boards

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

l. Unauthorized Use Of Another's Name Or Product

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

m. Pollution

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

n. Pollution-Related

Any loss, cost or expense arising out of any:

- (1) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

COVERAGE C MEDICAL PAYMENTS

1. Insuring Agreement

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

- (1) On premises you own or rent;
- (2) On ways next to premises you own or rent; or
- (3) Because of your operations;

provided that:

- (1) The accident takes place in the "coverage territory" and during the policy period;
- (2) The expenses are incurred and reported to us within one year of the date of the accident; and
- (3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

- (1) First aid administered at the time of an accident;
- (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
- (3) Necessary ambulance, hospital, professional nursing and funeral services.

2. Exclusions

We will not pay expenses for "bodily injury":

a. Any Insured

To any insured, except "volunteer workers".

b. Hired Person

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

c. Injury On Normally Occupied Premises

To a person injured on that part of premises you own or rent that the person normally occupies.

d. Workers Compensation And Similar Laws

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

e. Athletics Activities

To a person injured while taking part in athletics.

f. Products-Completed Operations Hazard

Included within the "products-completed operations hazard".

g. Coverage A Exclusions

Excluded under Coverage A.

h. War

Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

SUPPLEMENTARY PAYMENTS – COVERAGES A AND B

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

These payments will not reduce the limits of insurance.

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

- (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
 - (c) Notify any other insurer whose coverage is available to the indemnitee; and
 - (d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
- (2) Provides us with written authorization to:
- (a) Obtain records and other information related to the "suit"; and
 - (b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph **2.b.(2)** of Section I – Coverage A – Bodily Injury And Property Damage Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

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

- 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 f. above, are no longer met.

SECTION II – WHO IS AN INSURED

1. If you are designated in the Declarations as:
 - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
 - b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
 - c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
 - d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
 - e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.
2. Each of the following is also an insured:
 - a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:
 - (1) "Bodily injury" or "personal and advertising injury":
 - (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
 - (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1)(a) above;
 - (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1)(a) or (b) above; or
 - (d) Arising out of his or her providing or failing to provide professional health care services.

- (2) "Property damage" to property:
 - (a) Owned, occupied or used by,
 - (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by
 - you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
 - b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.
 - c. Any person or organization having proper temporary custody of your property if you die, but only:
 - (1) With respect to liability arising out of the maintenance or use of that property; and
 - (2) Until your legal representative has been appointed.
 - d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, 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:
 - a. "Bodily injury" to a co-"employee" of the person driving the equipment; or
 - b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.
 4. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
 - a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
 - b. Coverage **A** does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
 - c. Coverage **B** does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

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

SECTION III – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits".
2. The General Aggregate Limit is the most we will pay for the sum of:
 - a. Medical expenses under Coverage **C**;
 - b. Damages under Coverage **A**, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
 - c. Damages under Coverage **B**.
3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage **A** for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".

4. Subject to **2.** above, the Personal and Advertising Injury Limit is the most we will pay under Coverage **B** for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.
5. Subject to **2.** or **3.** above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
 - a. Damages under Coverage **A**; and
 - b. Medical expenses under Coverage **C**
 because of all "bodily injury" and "property damage" arising out of any one "occurrence".
6. Subject to **5.** above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage **A** for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.
7. Subject to **5.** above, the Medical Expense Limit is the most we will pay under Coverage **C** for all medical expenses because of "bodily injury" sustained by any one person.

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

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS

1. Bankruptcy

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

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

a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

- (1) How, when and where the "occurrence" or offense took place;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

b. If a claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

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

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

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages **A** or **B** of this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when **b.** below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in **c.** below.

b. Excess Insurance

This insurance is excess over:

- (1) Any of the other insurance, whether primary, excess, contingent or on any other basis:
 - (a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";
 - (b) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;
 - (c) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or
 - (d) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion **g.** of Section **I** – Coverage **A** – Bodily Injury And Property Damage Liability.
- (2) 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.

When this insurance is excess, we will have no duty under Coverages **A** or **B** to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (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 of this Coverage Part.

c. Method Of Sharing

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

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

5. Premium Audit

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.

- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

7. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

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

8. Transfer Of Rights Of Recovery Against Others To Us

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

9. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

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

SECTION V – DEFINITIONS

- 1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
 - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
 - b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.
- 2. "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "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 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 a. above;
 - (2) The activities of a person whose home is in the territory described in 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 **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, by-laws 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:
- a.** The repair, replacement, adjustment or removal of "your product" or "your work"; or
 - b.** Your fulfilling the terms of the contract or agreement.
- 9.** "Insured contract" means:
- a.** A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
 - b.** A sidetrack agreement;
 - c.** Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
 - d.** An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
 - e.** An elevator maintenance agreement;
 - f.** That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.
- Paragraph **f.** does not include that part of any contract or agreement:
- (1)** That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
 - (2)** That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a)** Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - (b)** Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
 - (3)** Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in **(2)** above and supervisory, inspection, architectural or engineering activities.
- 10.** "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

- 11.** "Loading or unloading" means the handling of property:
- a.** After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
 - b.** While it is in or on an aircraft, watercraft or "auto"; or
 - c.** While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;
- but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".
- 12.** "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:
- a.** Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
 - b.** Vehicles maintained for use solely on or next to premises you own or rent;
 - c.** Vehicles that travel on crawler treads;
 - d.** Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - (1)** Power cranes, shovels, loaders, diggers or drills; or
 - (2)** Road construction or resurfacing equipment such as graders, scrapers or rollers;
 - e.** Vehicles not described in **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 **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.
- 13.** "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
- 14.** "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:
- a.** False arrest, detention or imprisonment;
 - b.** Malicious prosecution;
 - c.** The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
 - d.** Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
 - e.** Oral or written publication, in any manner, of material that violates a person's right of privacy;
 - f.** The use of another's advertising idea in your "advertisement"; or

- g.** Infringing upon another's copyright, trade dress or slogan in your "advertisement".
- 15.** "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- 16.** "Products-completed operations hazard":
- a.** Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
- (1)** Products that are still in your physical possession; or
 - (2)** Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a)** When all of the work called for in your contract has been completed.
 - (b)** When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c)** When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.
- b.** Does not include "bodily injury" or "property damage" arising out of:
- (1)** The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
 - (2)** The existence of tools, uninstalled equipment or abandoned or unused materials; or
 - (3)** Products or operations for which the classification, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.
- 17.** "Property damage" means:
- a.** Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
 - b.** Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.
- For the purposes of this insurance, electronic data is not tangible property.
- As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.
- 18.** "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:
- a.** An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
 - b.** Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.
- 19.** "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.
- 20.** "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.
- 21.** "Your product":

a. Means:

- (1)** Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (a)** You;
 - (b)** Others trading under your name; or
 - (c)** A person or organization whose business or assets you have acquired; and
- (2)** Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes

- (1)** Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
- (2)** The providing of or failure to provide warnings or instructions.

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

22. "Your work":

a. Means:

- (1)** Work or operations performed by you or on your behalf; and
- (2)** Materials, parts or equipment furnished in connection with such work or operations.

b. Includes

- (1)** Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work", and
- (2)** The providing of or failure to provide warnings or instructions.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT
(Broad Form)

This endorsement modifies insurance provided under the following:

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

1. The insurance does not apply:

A. Under any Liability Coverage, to "bodily injury" or "property damage":

- (1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.

C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:

- (1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;
- (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or
- (3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

2. As used in this endorsement:

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

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

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

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

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

"Nuclear facility" means:

- (a)** Any "nuclear reactor";
- (b)** Any equipment or device designed or used for **(1)** separating the isotopes of uranium or plutonium, **(2)** processing or utilizing "spent fuel", or **(3)** handling, processing or packaging "waste";
- (c)** Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
- (d)** Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

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

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WAR LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. Exclusion i. under Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability is replaced by the following:

2. Exclusions

This insurance does not apply to:

i. War

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

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

B. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:

2. Exclusions

This insurance does not apply to:

WAR

"Personal and advertising injury", however caused, arising, directly or indirectly, out of:

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

C. Exclusion h. under Paragraph 2., Exclusions of Section I – Coverage C – Medical Payments does not apply. Medical payments due to war are now subject to Exclusion g. of Paragraph 2., Exclusions of Section I – Coverage C – Medical Payments since "bodily injury" arising out of war is now excluded under Coverage A.

QUICK REFERENCE

COMMERCIAL GENERAL LIABILITY COVERAGE PART

READ YOUR POLICY CAREFULLY

The Commercial General Liability Coverage Part in your policy consists of Declarations, a Coverage Form (either CG 00 01 or CG 00 02), Common Policy Conditions and Endorsements, if applicable. Following is a Quick Reference indexing of the principal provisions contained in each of the components making up the Coverage Part, listed in sequential order, except for the provisions in the Declarations which may not be in the sequence shown.

DECLARATIONS

- Named Insured and Mailing Address
- Policy Period
- Description of Business and Location of Premises
- Limits of Insurance
- Forms and Endorsements applying to the Coverage Part at time of issue

COVERAGE FORM (CG 00 01 or CG 00 02)

SECTION I—COVERAGES

- Coverage A—Bodily Injury and Property Damage Liability

- Insuring Agreement

- Exclusions

- Coverage B—Personal and Advertising Injury Liability

- Insuring Agreement

- Exclusions

- Coverage C—Medical Payments

- Insuring Agreement

- Exclusions

- Supplementary Payments

SECTION II—WHO IS AN INSURED

SECTION III—LIMITS OF INSURANCE

SECTION IV—COMMERCIAL GENERAL LIABILITY CONDITIONS

- Bankruptcy

- Duties in the Event of Occurrence, Claim or Suit

- Legal Action Against Us

- Other Insurance

- Premium Audit

- Representations

- Separation of Insureds

- Transfer of Rights of Recovery Against Others to Us

- When We Do Not Renew (applicable to CG 00 02 only)

- Your Right to Claim and "Occurrence" Information (applicable to CG 00 02 only)

SECTION V—EXTENDED REPORTING PERIODS (applicable to CG 00 02 only)

SECTION VI—DEFINITIONS (SECTION V in CG 00 01)

COMMON POLICY CONDITIONS (IL 00 17)

- Cancellation

- Changes

- Examination of Your Books and Records

- Inspections and Surveys

- Premiums

- Transfer of Your Rights and Duties under this Policy

ENDORSEMENTS (If Any)

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYMENT-RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph 2., Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability:

This insurance does not apply to:

“Bodily injury” to:

(1) A person arising out of any:

(a) Refusal to employ that person;

(b) Termination of that person’s employment; or

(c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of “bodily injury” to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

B. The following exclusion is added to Paragraph 2., Exclusions of Section I - Coverage B - Personal And Advertising Injury Liability:

This insurance does not apply to:

“Personal and advertising injury” to:

(1) A person arising out of any:

(a) Refusal to employ that person;

(b) Termination of that person’s employment; or

(c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of “personal and advertising injury” to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FUNGI OR BACTERIA EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:

2. Exclusions

This insurance does not apply to:

Fungi or Bacteria

- a. "Bodily injury" or "property damage" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.
- b. Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for consumption.

B. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:

2. Exclusions

This insurance does not apply to:

Fungi or Bacteria

- a. "Personal and advertising injury" which would not have taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.
- b. Any loss, cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

C. The following definition is added to the Definitions Section:

"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.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

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

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

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

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
 2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
- B.** The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Coverage Part.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCLUSION OF PUNITIVE DAMAGES
RELATED TO A CERTIFIED ACT OF TERRORISM**

This endorsement modifies insurance provided under the following:

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

A. The following exclusion is added:

This insurance does not apply to:

TERRORISM PUNITIVE DAMAGES

Damages arising, directly or indirectly, out of a “certified act of terrorism” that are awarded as punitive damages.

B. The following definition is added:

“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.

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CORPORAL PUNISHMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Exclusion **a.** of paragraph **2.**, Exclusions of COVERAGE A—BODILY INJURY AND PROPERTY DAMAGE LIABILITY (Section I—Coverages) is replaced by the following:

This insurance does not apply to:

a. “Bodily injury” or “property damage” expected or intended from the standpoint of the insured.

This exclusion does not apply to “bodily injury” resulting from:

- (1)** The use of reasonable force to protect persons or property; or
- (2)** Corporal punishment to your student administered by or at the direction of any insured.

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:

DIRECTORS AND OFFICERS LIABILITY COVERAGE PART (CONDOMINIUM ASSOCIATIONS AND HOMEOWNERS ASSOCIATIONS)

DIRECTORS AND OFFICERS LIABILITY COVERAGE PART

EMPLOYEE BENEFITS LIABILITY COVERAGE PART

EMPLOYMENT PRACTICES LIABILITY COVERAGE PART

LIMITED POLLUTION LIABILITY COVERAGE PART – DESIGNATED STORAGE TANKS

RELIGIOUS ORGANIZATIONS DIRECTORS AND OFFICERS LIABILITY COVERAGE PART

SCHOOL LEADERS ERRORS AND OMISSIONS COVERAGE PART

SEXUAL MISCONDUCT AND MOLESTATION LIABILITY COVERAGE PART

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

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

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
 2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
- B. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any injury, damage, damages, claims, suits, wrongful acts, losses or employment practices that are otherwise excluded under this Coverage Part.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCLUSION OF PUNITIVE DAMAGES RELATED TO
A CERTIFIED ACT OF TERRORISM**

This endorsement modifies insurance provided under the following:

DIRECTORS AND OFFICERS LIABILITY COVERAGE PART (CONDOMINIUM ASSOCIATIONS AND HOMEOWNERS ASSOCIATIONS)
DIRECTORS AND OFFICERS LIABILITY COVERAGE PART
EMPLOYEE BENEFITS LIABILITY COVERAGE PART
EMPLOYMENT PRACTICES LIABILITY COVERAGE PART
LIMITED POLLUTION LIABILITY COVERAGE PART – DESIGNATED STORAGE TANKS
RELIGIOUS ORGANIZATIONS DIRECTORS AND OFFICERS LIABILITY COVERAGE PART
SCHOOL LEADERS ERRORS AND OMISSIONS COVERAGE PART
SEXUAL MISCONDUCT AND MOLESTATION LIABILITY COVERAGE PART

A. The following exclusion is added:

This insurance does not apply to:

TERRORISM PUNITIVE DAMAGES

Damages arising, directly or indirectly, out of a “certified act of terrorism” that are awarded as punitive damages.

B. The following definition is added:

“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.

C. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any injury, damage, damages, claims, suits, wrongful acts, losses or employment practices that are otherwise excluded under this Coverage Part.

RECORDING AND DISTRIBUTION OF MATERIAL OR INFORMATION IN VIOLATION OF LAW EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A. The following exclusion is added to Paragraph 2. **Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:**

2. Exclusions

This insurance does not apply to:

Recording And Distribution Of Material Or Information In Violation Of Law

“Bodily injury” or “property damage” arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit 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.

- B. The following exclusion is added to Paragraph 2. **Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability** is replaced by the following:

2. Exclusions

This insurance does not apply to:

Recording And Distribution Of Material Or Information In Violation Of Law

“Personal and advertising injury” arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit 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.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – TRAMPOLINES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following is added to paragraph 2. **Exclusions** of **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY** under **SECTION I – COVERAGES**:

This insurance does not apply to:

Trampolines

“Bodily injury” or “property damage” arising out of the ownership, operation, maintenance or use of any:

(1) Trampoline; or

(2) Trampoline apparatus, device or accessory;

including the rendering of or failure to render instructions, recommendations, warnings or advice.

However, this exclusion does not apply to any trampoline that is 60 inches or less in diameter.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – CLIMBING OR RAPPELLING WALLS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following is added to paragraph **2. Exclusions** of **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE** under **SECTION I – COVERAGES**:

This insurance does not apply to:

Climbing Or Rappelling Walls

“Bodily injury” or “property damage” arising out of the ownership, operation, maintenance or use of any:

- (1)** Climbing or rappelling wall, tower or boulder; or
- (2)** Climbing or rappelling apparatus, device or accessory;

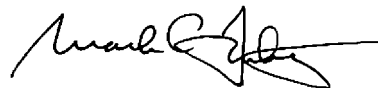
including the rendering of or failure to render instructions, recommendations, warnings or advice.

The term Company, as used below, means the company that has issued the policy to which this witness statement is attached. The Company is identified on your Declarations in the area titled "Coverage is provided in".

IN WITNESS WHEREOF, the Company has caused this policy to be executed and attested on its behalf by its President and Secretary at Boston, Massachusetts, and countersigned on the Declarations by a duly authorized representative of that Company. In a state where a countersignature is not required, no policy shall be deemed invalid due to the absence of a countersignature.



President



Secretary

| | | | |
|--|--|--|--|
| Policy Number: CBP 8526587 | | Prior Policy: | |
| Policy Period: 11/16/2020 To: 11/16/2021 12:01 am Standard Time at the Mailing Address of the Named Insured | | | |
| Coverage Is Provided In THE NETHERLANDS INSURANCE COMPANY-A STOCK COMPANY | | | |
| Billing Type: AGENCY BILL - PREPAID | | | |
| Named Insured and Mailing Address: ACADEMY OF DOVER 104-106 SALISBURY ROAD DOVER DE 19904 | | Agent: L & W INSURANCE PO BOX 918 DOVER DE 19903-0918 Agent Code: 5290824 Agent Phone: (302)-674-3500 | |

Reason for Amendment: NEW BUSINESS

Transaction Effective Date: 11/16/2020

Premium for this Transaction: \$ 17,287.00

STATEMENT OF ACCOUNT

| Acct Date | Premium | Surcharge/ Assessment | Total Due |
|------------------|----------------|----------------------------------|------------------|
| 11/2020 | \$ 17,287.00 | \$ 0.00 | \$ 17,287.00 |
| | | Total Premium Charged: | \$ 17,287.00 |

Date Issued: 11/19/2020