

**Named Insured and Address:**

Middletown Villa Condominium Council of Co-Owners, Inc  
PO Box 99115  
Louisville KY 40269

1000280809  
16032  
Commercial Lines  
SMARTbusiness  
N/A  
Standard Mail  
Vehicle ID = Yes

Renew

Insured Copy

**SCANNED**

DEC 13 2021 44

# Please keep this card in your vehicle



NAIC #15350

## COMMONWEALTH OF KENTUCKY PROOF OF INSURANCE

**INSURED:** Middletown Villa Condominium Council of Co-Owners, Inc

**COVERAGE PERIOD:** 01/20/2022 TO 01/20/2023

**POLICY NUMBER:** A875003 01 COMMERCIAL

**VEHICLE DESCRIPTION:**

HIRED AND NON-OWNED AUTO LIABILITY

**AGENT:** ARTHUR J GALLAGHER RMS INC

502-415-7000

*Coverage provided by this policy meets the minimum liability limits prescribed by law.*

Fold Here

WB 2178 04 14

## KENTUCKY INSTRUCTIONS TO POLICYHOLDER

Two proof of insurance cards are provided for each vehicle. Present one copy to the County Clerk when renewing your motor vehicle registration. The other copy shall be carried in the identified motor vehicle at all times as evidence of insurance, and shall be shown to a police officer upon request. Note: If Vehicle Identification is designated "Fleet", keep the other copy with your insurance records.

Important: Compare the Vehicle Identification Number (VIN) shown on the Proof of Insurance card and on the motor vehicle registration with the VIN on the motor vehicle. They should match. If the number shown on the Proof of Insurance card is incorrect, contact your insurance agent at the phone number shown on the proof of insurance card to have the number corrected. If the number shown on the registration is incorrect, contact the County Clerk to have the number corrected.



NAIC #15350

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# **IMPORTANT NOTICES AND DOCUMENTS RELATED TO THIS POLICY**

**Please read this packet carefully.  
It may contain document(s) that require your  
attention and/or the insured's signature.**

**Please disregard if there are no attachments.**

# TERRORISM RISK INSURANCE ACT REJECTION FORM

**Customer Number:** 1000280809

**Policy Number:** A875003

**Policy Effective Date:** 2022-01-20

**Insured Name:** Middletown Villa Condominium Council of Co-Owners, Inc

**Agent Name:** ARTHUR J GALLAGHER RMS INC

**Agent Code:** 16032

The disclosure notice required by the Terrorism Risk Insurance Act (the "Act") is attached to your policy as an endorsement. The premium for coverage against certified acts of terrorism as provided for by the Act is shown on the policy declaration pages.

You have the option to reject coverage under the Act. If you choose to reject coverage for certified acts of terrorism, this rejection form must be signed and returned to our office.

This form must be received by us within 30 days after the policy effective date if you desire to reject the coverage. If this form is not received within this time period, coverage against certified acts of terrorism will remain on this policy for the remainder of the policy term and you will be required to pay the applicable premium.

If a location(s) covered by this policy is located in a Standard Fire Protection state\*, then the requirements for fire coverage, as to that location, are established by law and you cannot reject coverage for that location for fire losses resulting from an act of terrorism. The premium for fire coverage is shown separately on the policy declarations page. The premium for fire coverage applicable to a location in a Standard Fire Protection state will not be returned to you even if you indicate to us that you wish to reject coverage for certified acts of terrorism.

I understand and agree by signing below, that except for fire coverage on locations in Standard Fire Protection states, I have elected to reject coverage for certified acts of terrorism under the Terrorism Risk Insurance Act.

---

Policyholder's Signature

Date

*If coverage against certified acts of terrorism is rejected, the endorsement removing this coverage will be processed using the policy effective date.*

**\*Standard Fire Protection States:**

Illinois (Property Coverages)

Iowa (Property Coverages)

Missouri (Property & Inland Marine Coverages)

North Carolina (Property Coverages)

Wisconsin (Property & Inland Marine Coverages)

Virginia (Property Coverages)

# TERRORISM RISK INSURANCE ACT REJECTION FORM

**Customer Number:** 1000280809

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**\*Standard Fire Protection States:**

Illinois (Property Coverages)

Iowa (Property Coverages)

Missouri (Property & Inland Marine Coverages)

North Carolina (Property Coverages)

Wisconsin (Property & Inland Marine Coverages)

Virginia (Property Coverages)



THE SILVER LINING™

Dear Policyholder:

West Bend Mutual Insurance Company would like to thank you for choosing us as your insurance carrier for Employment Practices Liability. We now provide **in2vate, llc** Online Risk Management Tool and **Best Practices Risk Management Line™** to you at no cost. in2vate® will work with you to reduce your exposure to employment-related claims and achieve a safer and more productive workplace.

Please review the attached flyer outlining the services that are available from in2vate®, free of charge, as a West Bend Mutual Insurance Company policy holder.

Then activate your platform by visiting [www.in2vate.com/westbend](http://www.in2vate.com/westbend). Click the "sign up for an account" link, enter your Employment Practices Liability policy number, and follow the prompts. For more information call 800-205-5262. Be sure to identify yourself as a West Bend policyholder.

We have enclosed "BEST PRACTICES RISK MANAGEMENT LINE" Caller Account/Disclosure Form. If and when you request specific consulting services, in2vate® will require the completed Disclosure form to be completed. This form will only be required for certain consulting services.

For more information, please contact your West Bend Mutual Insurance Company independent agent.

WB 848 04 14

***As a valued client of West Bend Mutual Insurance Company,  
you receive unlimited access to  
The Best Practices Risk Management Line™ and in2vate®***

Through the **Best Practices Risk Management Line™** consultation service, you will be connected with experts who provide proactive, effective information and strategies for preventing and managing workplace risk. Best Practices Risk Management Line™ consultations are:

- » **Accessible—Best Practices Risk Management Line™** provides easy access to risk management consultants. You can initiate consultations online through the in2vate® online platform or by calling the toll-free number (see below). All the risk consultants are highly trained and experienced in workplace loss and litigation.
- » **Proactive—Best Practices Risk Management Line™** explores important aspects of managing workplace risk, such as: employee discipline, documentation, written policies and procedures, fair treatment of employees, consistent management, and options to help promote informed decisions.
- » **Effective—a Best Practices Risk Management Line™** consultant listens to your unique workplace situation and discusses best practices principles with you in an effort to help you as you create your plan of action.
- » **Practical**—Although not a substitution for legal advice, consultants can assist you in developing strategies aimed at creating and maintaining a workplace free of wrongdoing.
- » **Convenient**—Consultations can be initiated online by logging in at [www.in2vate.com/westbend](http://www.in2vate.com/westbend) and selecting the Consultation link in the Toolbox section. A risk consultant will call the phone number you provide. Consultations are available Monday through Friday, from 9 a.m. to 6 p.m., Central Time.

The in2vate® is a loss control platform that provides you immediate access to the tools you need to prevent and manage workplace wrongdoing, while building strong defenses against litigation.

**in2vate® standard features include:**

- » **Weekly Training Bulletins** geared to the issues most important to frontline managers and supervisors. Consistency is the key to keeping a focus on prevention. Bite-sized training bulletins provide your staff with regular and ongoing training on the latest exposures.
- » **Library** of articles and management briefs on a wide range of workplace related topics—for risk managers, human resources professionals, and other professional staff. Includes state-specific information on many issues.
- » **Best Practices Knowledge Base** — a searchable archive of **real-life workplace scenarios**—with strategic analysis and suggestions—to provide insight into the proper management of workplace-related risks. Use these scenarios to train or to assist in navigating around costly exposures.
- » **HR Self-Assessments** on a wide range of topics help you evaluate risk/exposure levels, while privately and proactively reducing exposure.
- » **Model Workplace Policies and Forms.**
- » **Communication Center**—easy access to other in2vate® users within your organization.
- » **Links** to hundreds of helpful workplace-related websites, and much more.

**Not set up to use in2vate online?** It's free to you as a policyholder. You can activate your platform by visiting [www.in2vate.com/westbend](http://www.in2vate.com/westbend). Click the "sign up for an account" link, enter your Employment Practices Liability policy number, and follow the prompts. For more information call 800.205.5262. Be sure to identify yourself as a client of West Bend Mutual Insurance Company.

**BEST PRACTICES RISK MANAGEMENT LINE™**  
**Caller Account/Disclosure Form**

---

**Please Print**

Name of Caller: \_\_\_\_\_  
Organization Name: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
E-mail Address: \_\_\_\_\_  
Mailing Address: \_\_\_\_\_

Have you used this service before?  Yes  No

Name of your employment practices liability insurance carrier: West Bend Mutual Insurance Co

Policy Number: \_\_\_\_\_ Effective Date: \_\_\_\_\_

**TERMS AND CONDITIONS:**

We **are not** your insurance carrier. We are independent of your insurance carrier. We do not communicate with your insurance carrier regarding the contents of our consultations. Using this service does not and will not put your carrier on notice of any claim or potential claim. We cannot provide you any information regarding coverage issues. For information on coverage issues, you should contact your insurance agent, broker, carrier, or attorney. By accessing this service, you agree not to hold THE AGOS GROUP, LLC, or any of its related business entities, contractors, or employees liable for any loss you might ever claim in connection with this service.

**Our risk management consultations do not provide legal advice, nor should they be considered a substitute for legal advice.** If you are facing a legal decision and/or desire legal advice, we strongly advise you to speak to a labor and employment law attorney in your area.

The Best Practices Risk Management Line should be used **for proactive risk management advice only**. You and your consultant will discuss risk management strategies for the situation as you present it to us. ***We have no official confidential relationship with you, but will keep our consultation(s) confidential unless otherwise required by law.***

Please sign below to confirm that you have read this entire form, understand its contents, and consent to its terms and conditions:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

» **DO THIS:** Please fax this to AGOS at (918) 582-5261, and AGOS will have one of our risk management consultants promptly call you. All consultation calls returned between 9 a.m.—6 p.m. (Central Time).



# Equipment Breakdown Insurance Including Electronic Circuitry Impairment

West Bend automatically provides coverage for Equipment Breakdown.  
Here's why . . .

## 7 Reasons Why You Need Equipment Breakdown Insurance

### 1. Equipment You Depend On

Your Business may depend on many types of equipment such as:

- Electrical Equipment,
- Mechanical Equipment,
- Business Equipment,
- Refrigeration Equipment and
- Heating & Cooling Systems
- Computers or Electronic Data Processing Equipment

This equipment is subject to sudden and accidental breakdown.

### 2. Complements Your Property Insurance

Typical property insurance covers equipment for standard perils, such as fire, but excludes losses due to:

- Mechanical Breakdown
- Electrical arcing
- Damage to Steam Boilers & Hot Water Heaters

Now, your property insurance also includes an endorsement that covers "Equipment Breakdown" for these hazards and more!

### 3. Equipment Breakdown Insurance Covers More Than Just Repair Costs

Equipment Breakdown Insurance helps protect you from the costs associated with losses to your building's equipment. It pays for:

- Cost to repair or replace equipment damaged by breakdown
- Other costs or expenses to limit the loss or speed business restoration
- Loss of Business income due to an "accident"

### 4. Mandatory Equipment Inspections

Most states and many local governments require that commissioned inspectors inspect boilers and pressure vessels. With West Bend providing these inspection services, you can avoid local inspection fees in a majority of jurisdictions. Only the certificate fee would be your responsibility.

### 5. Losses Can Be Costly

When equipment fails, it often leads to a variety of unanticipated expenses. To assess the value of Equipment Breakdown Insurance, consider the following costs:

- Investment in electrical equipment and machinery.
- Income for the period you have to shut or slow down because a breakdown interrupts business.
- Extra expenses you may incur to rent spares or rush repairs.

It adds up, doesn't it? Considering what's at stake, every business needs Equipment Breakdown Coverage. On the following page you will find real-life claim examples demonstrating the value of Equipment Breakdown Coverage.

### 6. What's More Likely: Equipment Failure . . . Or A Fire?

Ask yourself: What's more likely: a power surge that damages electrical distribution equipment or a major fire? You're probably adequately insured for fire. Shouldn't you insure for what's more likely to occur?

### 7. Evolving Exposures Require Evolving Coverage Solutions

West Bend's Equipment Breakdown coverage also includes a variety of coverages designed to address today's modern equipment risks. Some key coverages include:

- Microelectronics Coverage
- Cloud Computing Service Interruption
- Service Interruption Data Restoration
- Off Premises Business Income, Extra Expense and Data Restoration Coverage
- Public Relations Coverage

This summary gives general information. For all coverages, conditions and exclusions refer to the Equipment Breakdown Endorsement.

# Equipment Breakdown Coverage Loss Examples

Equipment breakdown is **not** infrequent. Here are examples of the type of losses that **can and do** occur.

**Retail Store:** Electrical arcing occurred from an electrical surge, which damaged a transformer supplying power to a store. A rental transformer was installed while repairs were made.

**Total Paid Loss: \$52,279**

**Office:** The 400 HP motor of an office building's roof top air conditioning unit shorted out, causing damage to the motor, bearings and impeller. A rental air conditioning unit was installed to avert a business interruption loss while the damaged unit was replaced.

**Total Paid Loss: \$122,206**

**Contractor's Shop:** Piping of air conditioning system leaks into telephone switching equipment. Shorts out equipment.

**Total Paid Loss: \$89,859**

**Restaurant:** A power surge damaged a restaurant's refrigeration compressor motor, computer and point of sale system. The insured lost data including the insured's website customer info, mapping for deliveries and recipes, as a result of the event that had to be restored on the replacement equipment.

**Total Paid Loss: \$57,160**

**Auto Services:** A valve on an air compressor pump breaks while the air compressor is running. The pressure causes oil to spew out in a mist, covering everything.

**Total Paid Loss: \$20,849**

**Wood Products Mfg:** A table feeding sheets of particle board into a saw suddenly stops. Circuit boards were visually inspected and no observable indications of shorting or discoloration were found. Circuit board replacement was undertaken and restored the machine back to operation.

**Total Paid Loss: \$16,000**

**Apartments and Condominiums:** An elevator suddenly stopped operating. A circuit board was suspected as having a problem, so it was removed and examined revealing no detectable physical damage. The circuit board was replaced and the elevator was returned to service. Without conducting any further forensic investigation, the claim was paid based on the cost of labor and material to replace the circuit board.

**Total Paid Loss: \$2,100**

**Retail:** A retail store lost power. Once power is restored, it is discovered that all of the point of sale registers and phone system had lost functionality. Rebooting the system does not work. The repair company was unable to get the system to reboot and found no physical damage. However, one of the disks was replaced and the systems immediately began working.

**Total Paid Loss: \$14,000**

This summary gives general information. For all coverages, conditions and exclusions refer to the Equipment Breakdown Endorsement.

# NOTICE OF PAYMENT PLAN OPTIONS

West Bend Mutual Insurance Company offers several payment plan options. The various payment plans are described below.

## 1. Direct Bill Options

### a. Semiannual (Annual premium of \$125 or more)

- (1) First payment of 50 percent of total premium plus an installment fee due at inception.
- (2) Second payment of 50 percent of total premium plus an installment fee due in six months.

### b. Quarterly (Annual premium of \$125 or more)

- (1) First payment of 25 percent of total premium plus an installment fee due at inception.
- (2) Second payment of 25 percent of total premium plus an installment fee due in three months.
- (3) Third payment of 25 percent of total premium plus an installment fee due in six months.
- (4) Fourth payment of 25 percent of total premium plus an installment fee due in nine months.

### c. Down payment plus nine (Annual premium of \$455 or more)

- (1) Down payment of 25 percent of total premium plus an installment fee due at inception.
- (2) Remaining nine monthly payments of 8.333 percent of total premium plus an installment fee on each installment.

### d. In addition, the following payment plans are available. The down payment for each of these plans is the first installment plus an installment fee.

- (1) 10 equal payments plus an installment fee on each installment (Annual premium of \$455 or more)
- (2) 12 equal payments plus an installment fee on each installment (Annual premium of \$575 or more)

## 2. For more information regarding payment options, visit [www.thesilverlining.com](http://www.thesilverlining.com).

## FEES:

- Installment Fees apply to each installment.
- A \$7.00 Installment Fee applies when receiving paper invoices.
- A \$4.00 Installment Fee applies when receiving electronic invoices.
- A \$1.00 Installment Fee applies when receiving electronic invoices and utilizing automatic payments.
- Items returned by the financial institution as unpaid will generate a \$25.00 fee.

## RENEWAL INVOICE/CANCELLATION:

Your policy premium can be found on the first page of the policy accompanying this notice. If this is a renewal policy, you will receive an invoice, indicating the down payment amount, based on the selected payment plan, and due date, 21 days prior to the due date. Down payment is due by the effective date of your renewal policy. If we do not receive your down payment by the fifth day after the effective date, we will cancel your policy as of the effective date of the policy and mail you a copy of the cancellation notice.

## PLEASE NOTE:

When sending payment for a plan other than the installment amount invoiced, include a statement with your payment indicating the desired plan.

If we receive payment prior to binding coverage, we may process the payment. However, our processing of the payment does not bind coverage. If we do not bind coverage for any reason, we will return the payment.

Any questions you may have about payment plan options or to change a current payment plan, please contact West Bend's Accounting Department (1-800-236-5002).

## WINDSHIELD REPAIR NOTICE

# SAVE \$\$\$ ON WINDSHIELD REPAIRS

Now there's an easy way to save money on glass repairs! Here's how:

If your windshield chips, cracks, or breaks, contact our **Clear Vision Program** at 1-877-922-5246 **immediately**. A glass repair firm will determine if the windshield can be repaired or if it must be replaced.

If you have comprehensive coverage on your auto policy, West Bend Mutual Insurance Company will pay the cost to repair your windshield, including the deductible you would normally pay! You'll only pay the deductible if the windshield must be replaced.

If you let a windshield crack get longer than six inches, it may be too late to repair. Choose the easier, safer, and less expensive solution! Repair small cracks, chips, or breaks **NOW** at no cost to you, or replace the entire windshield later...and pay.

**Please report all auto glass claims to 1-877-922-5246.**

**Commercial Lines Policy Declaration**

**Customer Number:** 1000280809  
**Policy Number:** A875003 01

**Policy Period:** 01/20/2022 to 01/20/2023  
at 12:01 AM Standard Time at Your Mailing Address Shown Below

**Named Insured and Address:**  
Middletown Villa Condominium Council of Co-Owners, Inc  
PO Box 99115  
Louisville, KY 40269

**Agency Name and Address:** 16032  
ARTHUR J GALLAGHER RMS INC  
1601 ALLIANT AVE  
LOUISVILLE, KY 40299  
502-415-7000

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

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

<b>Coverage Part</b>	<b>Premium</b>
SMARTbusiness™ Coverage	\$3,740.00
Commercial Auto Coverage	\$134.00
<b>Total Premium:</b>	<b>\$3,874.00</b>
Kentucky Taxes, Fees and Surcharges:	\$292.43
<b>Total Including Taxes, Fees and Surcharges:</b>	<b>\$4,166.43</b>

**This is not a bill.** A billing invoice will be sent separately.

See attached schedule for forms applicable to all coverage parts.

**Commercial Lines Policy Declaration**

---

**Customer Number:** 1000280809  
**Policy Number:** A875003 01

**Policy Period:** 01/20/2022 to 01/20/2023  
at 12:01 AM Standard Time at Your Mailing Address Shown Below

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**Agency Name and Address:** 16032  
ARTHUR J GALLAGHER RMS INC  
1601 ALLIANT AVE  
LOUISVILLE, KY 40299  
502-415-7000

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**Named Insured Schedule**

Middletown Villa Condominium Council of Co-Owners, Inc

**Commercial Lines Policy Declarations**

**Customer Number:** 1000280809

**Policy Period:** 01/20/2022 to 01/20/2023

**Policy Number:** A875003 01

at 12:01 AM Standard Time at Your Mailing Address Shown Below

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 Louisville, KY 40269

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ARTHUR J GALLAGHER RMS INC  
 1601 ALLIANT AVE  
 LOUISVILLE, KY 40299  
 502-415-7000

16032

**Location Schedule**

Loc	Address	City	County	State	Zip
1	12400 Brothers Ave	Louisville	Jefferson	KY	40243

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1601 ALLIANT AVE  
LOUISVILLE, KY 40299  
502-415-7000

**Forms Schedule**

Number	Edition	Description
IL0017Z	1198	COMMON POLICY CONDITIONS
IL0021	0908	NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT (BROAD FORM)
WB214	0119	MEMBERSHIP AND VOTING NOTICE
IL0263Z	0908	KENTUCKY CHANGES - CANCELLATION AND NONRENEWAL
BP0523	0115	CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM
WB660	0420	TWO OR MORE COVERAGE FORMS OR POLICIES ISSUED BY US
IL0985	1220	DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT



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**Kentucky Local Government Premium and Surcharge**

LGT Reporting Line	Taxing Authority	Tax/Surcharge Amount
Vehicle	MIDDLETOWN	\$6.70
Casualty	MIDDLETOWN	\$187.00
<b>Collection Fee</b>		\$29.00
<b>Total KY Local Government Tax and Collection Fee</b>		\$222.70
<b>KY Surcharge*</b>		\$69.73

\*As required by Kentucky Statute KRS 136.392

# MEMBERSHIP AND VOTING NOTICE

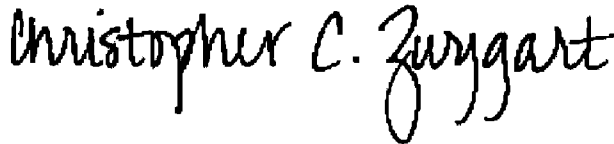
## MUTUALS – MEMBERSHIP AND VOTING NOTICE

The named insured is notified that by virtue of this policy, the named insured is a member of the West Bend Mutual Insurance Company of West Bend, Wisconsin and is entitled to vote either in person or by proxy at any and all meetings of said Company. The Annual Meetings are held in its Home Office, on the second Tuesday of March commencing in 2007 and each year thereafter, at 10:00 a.m.

## MUTUALS – PARTICIPATION CLAUSE WITH CONTINGENT LIABILITY

No Contingent Liability: This policy is nonassessable. The policyholder is a member of the company and shall participate, to the extent and upon the conditions fixed and determined by the Board of Directors in accordance with the provisions of law, in the distribution of dividends so fixed and determined.

In Witness Whereof, we have caused this policy to be executed and attested.



Christopher C. Zwygart  
Secretary



Kevin A. Steiner  
President and Chief Executive Officer

West Bend Mutual Insurance Company  
1900 S. 18th Avenue  
West Bend, WI 53095  
800-236-5010

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

**TWO OR MORE COVERAGE FORMS OR POLICIES  
ISSUED BY US**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM  
COMMERCIAL GENERAL LIABILITY COVERAGE PART  
EMPLOYMENT PRACTICES LIABILITY COVERAGE FORM  
NOT-FOR-PROFIT ORGANIZATION DIRECTORS, OFFICERS AND TRUSTEES LIABILITY INSURANCE  
COVERAGE FORM  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
PRODUCT WITHDRAWAL COVERAGE FORM

If this Coverage Form and any other Coverage Form or policy issued to you by us or any company affiliated with us apply to the same "occurrence" or "claim", the aggregate maximum Limit of Insurance under all the Coverage Forms or policies shall not exceed the highest applicable Limit of Insurance under any one Coverage Form or policy. This condition does not apply to any Coverage Form or policy issued by us or an affiliated company specifically to apply as excess insurance over this Coverage Form.

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

## **DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT**

### **SCHEDULE**

<b>SCHEDULE – PART I</b>	
<b>Terrorism Premium (Certified Acts) \$</b>	
<b>This premium is the total Certified Acts premium attributable to the following Coverage Part(s), Coverage Form(s) and/or Policy(ies):</b>	
If you have previously rejected coverage under this policy for Certified Acts of Terrorism under the Terrorism Risk Insurance Act, Coverage will remain excluded unless you request coverage within 30 days of the policy effective date.	
<b>Additional information, if any, concerning the terrorism premium:</b>	
<b>SCHEDULE – PART II</b>	
<b>Federal share of terrorism losses</b>	<b>80 %</b>
(Refer to Paragraph B. in this endorsement.)	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

**A. Disclosure Of Premium**

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

**B. Disclosure Of Federal Participation In Payment Of Terrorism Losses**

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

**C. Cap On Insurer Participation In Payment Of Terrorism Losses**

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

**SMARTbusiness™ Coverage Declaration**

**Customer Number:** 1000280809  
**Policy Number:** A875003 01

**Policy Period:** 01/20/2022 to 01/20/2023  
at 12:01 AM Standard Time at Your Mailing Address Shown Below

**Named Insured and Address:**  
Middletown Villa Condominium Council of Co-Owners, Inc  
PO Box 99115  
Louisville, KY 40269

**Agency Name and Address:** 16032  
ARTHUR J GALLAGHER RMS INC  
1601 ALLIANT AVE  
LOUISVILLE, KY 40299  
502-415-7000

Form of Business: Corporation

**Businessowners Liability Limits of Insurance**

General Aggregate Limit (other than Products/Completed Operations)	\$2,000,000
Products/Completed Operations Aggregate Limit	\$3,000,000
Each Occurrence Limit	\$1,000,000
Personal and Advertising Injury Limit	\$1,000,000
Medical Expense Limit, Any One Person	\$1,000
Damage to Premises Rented to You Limit	\$300,000

Refer to the attached schedules and forms for other limits, premiums and coverage provided by this policy.

Total Premium: \$3,740

**SMARTbusiness™ Coverage Declaration**

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**Policy Number:** A875003

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 at 12:01 AM Standard Time at Your Mailing Address Shown Below

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 502-415-7000

**Description of Location or Premises Schedule**

Loc	Bldg	Building and Occupancy Description	Construction	Protection Class
1	1	Building #1 - Condominiums Condominiums - Residential - 1 to 12 Units	Frame	01

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**Policy Number:** A875003 01

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 502-415-7000

**Coverage Schedule**

Loc	Bldg	Type	Limit of Insurance	Premium
1	1	Building	\$1,255,800	\$2,065
		Replacement Cost		
		Deductible – \$1,000		
		Wind/Hail Deductible – \$2,500		
		Earthquake	Included	Included
		Earthquake Deductible – 10%		
		Automatic Increase – 4%		
		Businessowners Liability		\$342
Loc	Bldg	Type	Limit of Insurance	Premium
1		Money and Securities		
		Inside the Premises	\$10,000	\$111
		Outside the Premises	\$5,000	Included
		Deductible – \$500		



**SMARTbusiness™ Coverage Declaration**

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**Schedule of Coverages Applicable To All Locations**

Type	Limit of Insurance	Premium
Business Income and Extra Expense – No Waiting Period	Actual Loss Sustained, Not To Exceed 12 Consecutive Months	Included
Extended Business Income – Number of Days: 90		Included
Employee Dishonesty Deductible – \$500	\$5,000	Included
Forgery or Alteration Deductible – \$500	\$5,000	Included

See attached Forms Schedule for forms and endorsements applicable to this coverage.

**SMARTbusiness™ Coverage Declaration**

**Customer Number:** 1000280809  
**Policy Number:** A875003 01

**Policy Period:** 01/20/2022 to 01/20/2023  
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**Schedule of Endorsements Applicable to All Locations**

Description	Form Number	Premium
Employment Practices Liability Endorsement	WB516GL	\$81
Equipment Breakdown	WB80SM	\$152
Property Additional Coverages and Coverage Extensions Endorsement – Essential	WB2905	\$450
Plus Pak – Businessowners Liability	WB2109SM	\$50
Voluntary Property Damage	WB1166	\$0

**Schedule of Endorsements Applicable to a Specific Location**

Loc	Bldg	Description	Form Number	Premium
1	1	Earthquake	BP1003	\$345

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**Schedule of Miscellaneous Premiums**

Description	Form Number	Premium
Terrorism Risk Insurance Act (Property)	See Forms Schedule	\$143
Terrorism Risk Insurance Act (Property – Fire Only)	See Forms Schedule	\$0
Terrorism Risk Insurance Act (Liability)	See Forms Schedule	\$1

See attached Forms Schedule for forms and endorsements applicable to this coverage.

**SMARTbusiness™ Coverage Declaration**

**Customer Number:** 1000280809

**Policy Period:** 01/20/2022 to 01/20/2023

**Policy Number:** A875003 01

at 12:01 AM Standard Time at Your Mailing Address Shown Below

**Named Insured and Address:**

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**Agency Name and Address:**

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 LOUISVILLE, KY 40299  
 502-415-7000

16032

**Businessowners Forms Schedule**

Number	Edition	Description
BP0003	0713	BUSINESSOWNERS COVERAGE FORM
BP0412	0106	LIMITATION OF COVERAGE TO DESIGNATED PREMISES OR PROJECT
BP0417	0110	EMPLOYMENT-RELATED PRACTICES EXCLUSION
BP1560	0221	CYBER INCIDENT EXCLUSION
BP0441	0713	BUSINESS INCOME CHANGES - TIME PERIOD
BP0454	0106	NEWLY ACQUIRED ORGANIZATIONS
BP0483	0110	REMOVAL OF INSURANCE-TO-VALUE PROVISION
BP0497	0106	WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US
BP0577	0106	FUNGI OR BACTERIA EXCLUSION (LIABILITY)
BP0707	0106	BUSINESS LIABILITY COVERAGE - AMENDMENT OF LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE
BP1003	0713	EARTHQUAKE
BP1007	0702	EXCLUSION - YEAR 2000 COMPUTER-RELATED AND OTHER ELECTRONIC PROBLEMS - WITH EXCEPTION FOR BODILY INJURY ON YOUR PREMISES
BP1410	0110	BRANDS AND LABELS
BP1504	0514	EXCLUSION - ACCESS OR DISCLOSURE OF CONFIDENTIAL OR PERSONAL INFORMATION AND DATA-RELATED LIABILITY - WITH LIMITED BODILY INJURY EXCEPTION
BP1511	1216	EXCLUSION - UNMANNED AIRCRAFT

**SMARTbusiness™ Coverage Declaration**

**Customer Number:** 1000280809  
**Policy Number:** A875003 01

**Policy Period:** 01/20/2022 to 01/20/2023  
at 12:01 AM Standard Time at Your Mailing Address Shown Below

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**Businessowners Forms Schedule**

Number	Edition	Description
BP1701	0713	CONDOMINIUM ASSOCIATION COVERAGE
WB1166	0414	VOLUNTARY PROPERTY DAMAGE COVERAGE
WB1468GL	0414	EXCLUSION - ASBESTOS OR ASBESTOS PRODUCTS
WB1718	0820	AMENDMENT-LIQUOR LIABILITY EXCLUSION
WB1958A	0109	EXCLUSION - LEAD LIABILITY
WB2077	0118	SPECIAL BUSINESSOWNERS AMENDMENT
WB2109SM	0118	PLUS PAK - BUSINESSOWNERS LIABILITY
WB516GL	0414	EMPLOYMENT PRACTICES LIABILITY ENDORSEMENT (CLAIMS-MADE)
WB80SM	0118	EQUIPMENT BREAKDOWN COVERAGE ENDORSEMENT
BP0312Y	0110	WINDSTORM OR HAIL DEDUCTIBLES
WB2905	1220	PROPERTY ADDITIONAL COVERAGES AND COVERAGE EXTENSIONS ENDORSEMENT
BP0165	0702	KENTUCKY CHANGES

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

## **LIMITATION OF COVERAGE TO DESIGNATED PREMISES OR PROJECT**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

### **SCHEDULE**

<p><b>A. Premises:</b> Only Locations Shown On The Declarations</p>
<p><b>B. Project:</b></p>
<p>Information required to complete this Schedule, if not shown above, will be shown in the Declarations.</p>

The following is added to **Section II – Liability:**

This insurance applies only to "bodily injury", "property damage", "personal and advertising injury" and medical expenses arising out of:

1. The ownership, maintenance or use of the premises shown in the Schedule and operations necessary or incidental to those premises; or
2. The project shown in the Schedule.

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

## **CYBER INCIDENT EXCLUSION**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

**Section I – Property** is amended as follows:

**A. The following exclusion is added to Paragraph B. Exclusions:**

We will not pay for loss or damage caused directly or indirectly by 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.

### **Cyber Incident**

1. Unauthorized access to or use of any computer system (including "electronic data").
2. Malicious code, virus or any other harmful code that is directed at, enacted upon or introduced into any computer system (including "electronic data") and is designed to access, alter, corrupt, damage, delete, destroy, disrupt, encrypt, exploit, use or prevent or restrict access to or the use of any part of any computer system (including "electronic data") or otherwise disrupt its normal functioning or operation.
3. Denial of service attack which disrupts, prevents or restricts access to or use of any computer system, or otherwise disrupts its normal functioning or operation.

**B. Exceptions And Limitations**

#### **1. Fire Or Explosion**

If a cyber incident as described in Paragraphs **A.1.** through **A.3.** of this exclusion results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

#### **2. Additional Coverage**

The exclusion in Paragraph **A.** does not apply to the extent that coverage is provided in the:

- a. Additional Coverage – Electronic Data; or
- b. Additional Coverage – Interruption Of Computer Operations.

#### **3. Computer Fraud And Funds Transfer Fraud Endorsement**

The exclusion in Paragraph **A.** does not apply to the Computer Fraud And Funds Transfer Fraud endorsement when attached to your policy.

#### **4. Electronic Commerce Endorsement**

The exclusion in Paragraph **A.** does not apply to the Electronic Commerce (E-Commerce) endorsement when attached to your policy.

#### **5. Information Security Protection Endorsement**

The exclusion in Paragraph **A.** does not apply to the Information Security Protection Endorsement when attached to your policy.

#### **C. Vandalism**

The following is added to Vandalism:

Vandalism does not include a cyber incident as described in Paragraph **A.**

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

**WAIVER OF TRANSFER OF RIGHTS OF RECOVERY  
AGAINST OTHERS TO US**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

**SCHEDULE**

<b>Name Of Person Or Organization:</b>
Any party with whom the insured agrees to waive subrogation in a written contract.
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

Paragraph **K. Transfer Of Rights Of Recovery Against Others To Us** in **Section III -- Common Policy Conditions** is amended by the addition of the following:

We waive any right of recovery we may have against the person or organization shown in the Schedule above 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". This waiver applies only to the person or organization shown in the Schedule above.



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

## **EXCLUSION – UNMANNED AIRCRAFT**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

### **SCHEDULE**

<input type="checkbox"/>	<b>Bodily Injury And Property Damage:</b> Paragraph <b>A.</b> in this endorsement does not apply if an "X" is shown in the box.
<input type="checkbox"/>	<b>Personal And Advertising Injury:</b> Paragraph <b>B.</b> in this endorsement does not apply if an "X" is shown in the box.
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

**Section II – Liability** is amended as follows:

**A.** Exclusion **B.1.g.** is replaced by the following:

This insurance does not apply to:

**g. Aircraft, Auto Or Watercraft**

**(1) Unmanned Aircraft**

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft". Use includes operation and "loading or unloading".

This Paragraph **g.(1)** applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft".

**(2) Aircraft (Other Than Unmanned Aircraft), Auto Or Watercraft**

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

This Paragraph **g.(2)** applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft (other than "unmanned aircraft"), "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This Paragraph **g.(2)** does not apply to:

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

**B. The following is added to Exclusion B.1.p. Personal And Advertising Injury:**

This insurance does not apply to:

**p. Personal And Advertising Injury**

"Personal and advertising injury":

Arising out of the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft". Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the offense which caused the "personal and advertising injury" involved the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft".

This exclusion does not apply to:

- (1) The use of another's advertising idea in your "advertisement"; or
- (2) Infringing upon another's copyright, trade dress or slogan in your "advertisement".

**C. The following definition is added to Paragraph F. Liability And Medical Expenses Definitions:**

"Unmanned aircraft" means an aircraft that is not:

- 1. Designed;
- 2. Manufactured; or
- 3. Modified after manufacture;

to be controlled directly by a person from within or on the aircraft.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## VOLUNTARY PROPERTY DAMAGE COVERAGE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

	SCHEDULE		
COVERAGE	LIMITS OF LIABILITY		DEDUCTIBLE
Property Damage	2,500	Each Occurrence	250
	2,500	Aggregate	

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

Unless specifically modified or deleted, all exclusions listed in **Section II - Liability, Paragraph B. Exclusions** of the Businessowners Coverage Form apply to the coverage provided by this endorsement.

For the purpose of the coverage provided by this endorsement, **Section II - Liability** is amended as follows:

1. The following is added to **Paragraph A. Coverages:**

### Insuring Agreement

We will pay, at the request of the insured, for "property damage" to property of others in the insured's care, custody or control. The "property damage" must be caused by an "occurrence" and result from operations which take place away from any premises the insured rents, owns or occupies and which are a part of your business. That business must be afforded coverage under the policy to which this endorsement is attached.

However, we shall have no duty whatsoever to defend claims and/or "suits" for which the only coverage provided is under this endorsement.

2. **Exclusion**

**Paragraph B.1.m. Damage To Your Work** is replaced by the following:

### m. Damage To Your Work

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

3. **Limits of Insurance**

- a. The Limits of Insurance shown in the Schedule above 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 or organizations making claims or bringing "suits".

- b. The Aggregate Limit is the most we will pay for the sum of all damages under this endorsement;

- c. Subject to b. above, the Each Occurrence Limit is the most we will pay because of all "property damage" arising out of any one "occurrence".

The limits 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.

4. **Deductible**

We will not pay for loss or damage for any claim until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable Limit of Liability.

The terms of this insurance apply irrespective of the application of the deductible amount.

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 has been paid by us.

## **5. Conditions**

### **a. Additional Duties In The Event Of An Occurrence, Claim or Suit.**

In the event of loss, at our request you shall replace the property or furnish the labor and materials necessary for repairs at your actual cost, excluding any profit or overhead charges. Any property so paid for or replaced shall become our property. Payment under this endorsement shall not constitute an admission of liability of the insured or, except for this endorsement, us.

### **b. Other Insurance**

If other valid and collectible insurance is available to the insured for a loss we cover under this endorsement, then the insurance provided by this endorsement is excess. 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.

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

## **AMENDMENT – LIQUOR LIABILITY EXCLUSION**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS COVERAGE FORM**

Paragraph **1.c. Exclusions** of **Section II – Liability** is replaced by the following:

#### **c. Liquor Liability**

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

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

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

- (a)** The supervision, hiring, employment, training or monitoring of others by an insured; or

- (b)** Providing or failing to provide transportation with respect to any person that may be under the influence of alcohol;

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

This exclusion applies only if you:

- (1)** Manufacture, sell or distribute alcoholic beverages; or
- (2)** Serve or furnish alcoholic beverages for a charge whether or not such activity:
  - (a)** Requires a license;
  - (b)** Is for the purpose of financial gain or livelihood; or

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

# **EMPLOYMENT PRACTICES LIABILITY ENDORSEMENT**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
BUSINESSOWNERS COVERAGE PART

**THIS ENDORSEMENT PROVIDES CLAIMS MADE AND REPORTED COVERAGE. DEFENSE COSTS APPLY AGAINST THE LIMITS OF INSURANCE AND ARE SUBJECT TO THE DEDUCTIBLE.**

**PLEASE READ THE ENTIRE FORM CAREFULLY.**

### SCHEDULE\*

<b>LIMITS OF LIABILITY</b>		<b>DEDUCTIBLE</b>	<b>COINSURANCE FOR PAYMENT OF "DAMAGES"</b>
Each Related Wrongful Employment Practice	Total Aggregate Limit	Each Related Wrongful Employment Practice	Does Not Apply
<u>100,000</u>	<u>100,000</u>	\$5,000	

### RETROACTIVE DATE

This insurance does not apply to a "Wrongful Employment Practice" that happens before the Retroactive Date shown here: 01/20/2021

\*Information required to complete this schedule, if not shown on this endorsement, will be shown on the Declaration.

THERE IS A SEPARATE DEDUCTIBLE PROVISION APPLICABLE TO ALL PAYMENTS FOR "DAMAGES".

PLEASE READ THIS ENDORSEMENT CAREFULLY TO DETERMINE RIGHTS, DUTIES, COVERAGE AND COVERAGE RESTRICTIONS.

WE HAVE NO DUTY TO PROVIDE COVERAGE UNLESS THERE HAS BEEN FULL COMPLIANCE WITH ALL THE CONDITIONS (SECTION VI) OF THIS ENDORSEMENT.

Throughout this endorsement 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 endorsement. 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 WHO IS AN INSURED (Section II) of this endorsement.

All words and phrases that appear in quotation marks have special meaning. Refer to DEFINITIONS (Section VIII).

### **SECTION I - COVERAGE: EMPLOYMENT PRACTICES LIABILITY**

In consideration of the payment of premium and in reliance upon representations you made to us in applying for this insurance and subject to the Limits of Insurance shown in the Schedule, and all the exclusions, terms and conditions of this endorsement, we agree with you as follows:

#### **A. INSURING AGREEMENT**

1. We will pay on behalf of the insured for "damages" in excess of the Deductible arising out of any "employment practices" to which this insurance applies.

We have no obligation under this insurance to make payments or perform acts or services except as provided for in this paragraph and in Item 2. below.

2. This insurance applies to such "damages" only if:
  - a. The "damages" result from "claims" made by "employees", "leased workers", "temporary workers", former "employees" or applicants for employment with you;

- b. The "employment practices" take place in the "coverage territory";
- c. Such "employment practices" occurred after the Retroactive Date shown in the Schedule and before the end of the policy period; and
- d. A "claim" is both:
  - (i) First made against any insured, in accordance with paragraph 3. below, during the policy period or any Extended Reporting Period we provide under Section VII - EXTENDED REPORTING PERIODS; and
  - (ii) Reported to us either (i) during the policy period or within thirty (30) days thereafter, or (ii) with respect to any "claim" first made during any Extended Reporting Period we provide under Section VII - EXTENDED REPORTING PERIODS, during such Extended Reporting Period.

- 3. A "claim" will be deemed to have been made at the earlier of the following times:
  - a. When notice of such "claim" is received and recorded by you or by us, whichever comes first; or
  - b. When we make settlement in accordance with paragraph B.1. below.
- 4. All "claims" for "damages" based on or arising out of:
  - a. One "employment practice"; or
  - b. An interrelated series of "employment practices"

by one or more insureds shall be deemed to be one "claim" and to have been made at the time the first of those "claims" is made against any insured(s).

Each payment we make for "damages" or "defense expense" reduces the Amount of Insurance available, as provided under SECTION III - LIMITS OF INSURANCE of this endorsement.

**B. DEFENSE OF CLAIMS. ADMINISTRATIVE HEARINGS & SETTLEMENT AUTHORITY**

- 1. We have the right and duty to defend "claims" against the insured seeking "damages" to which this insurance applies and to pay for related "defense expense". However, we have no duty to (i) defend "claims" against the insured seeking "damages" or (ii) pay for related "defense expense" when this insurance does not apply. We may:
  - a. At our sole discretion, investigate any "employment practice" that may result in "damages"; and

- b. Settle any "claim" which may result, provided:
  - (i) We have your written consent to settle; and
  - (ii) The settlement is within the applicable Limit of Insurance available.

Our liability will be limited as described below if:

  - (i) you refuse to consent to any settlement we recommend, and
  - (ii) such recommended settlement is also acceptable to the claimant.

When this happens, our liability under this endorsement for such "claim" shall not exceed the amount we would have paid for "damages" and "defense expense" if you had consented at the time of our recommendation. You shall thereafter negotiate and defend that "claim" at your own cost and without our involvement.

- 2. Our right and duty to defend such "claims" end when we have used up the Limit of Insurance available, as provided under SECTION III - LIMITS OF INSURANCE of this endorsement. This applies both to "claims" pending at that time and those filed thereafter.
- 3. When we control defense of a "claim", we will pay associated "defense expense" and choose a counsel of our choice from the panel of attorneys we have selected to deal with "employment practices" "claims". If you give us a specific written request at the time a "claim" is first made:
  - a. You may select one of our panel of employment law attorneys; or
  - b. You may ask us to consider the approval of a defense attorney of your choice that is not on our panel.
- 4. We will use the panel attorney you selected in (a.) above, or consider your request in (b.) above, when we deem it appropriate to engage counsel for such "claim".
- 5. If by mutual agreement or court order the insured assumes control of such defense before the applicable Limit of Insurance is used up, we will reimburse the insured for reasonable "defense expense", subject to item 6. immediately below.

6. If we defend you under a reservation of rights, both your and our counsel(s) will be required to maintain records pertinent to your "defense expenses". These records will be used to determine the allocation of any "defense expenses" for which you may be solely responsible, including defense of an allegation not covered by this insurance.

In any case, however, we only pay amounts in excess of the Deductible and such payments will reduce the Limit of Insurance available, as provided under SECTION III - LIMITS OF INSURANCE in this endorsement.

7. Upon prior notice to us and our approval, the first Named Insured is authorized to act on behalf of all insureds with respect to the payment of "damages" in settlement of any Administrative Hearing or other non-judicial proceeding before the Federal Equal Employment Opportunity Commission, or any similar Federal, state or local body or commission. This authorization is limited to (i) "damages" covered by this endorsement, (ii) "defense expenses" under part 4. of the Definition of "defense expenses" and (iii) amounts not in excess of two times the amount of the Deductible stated in the Schedule.

### C. EXCLUSIONS

This insurance does not apply to "claims" arising directly or indirectly from any:

1. a. "Employment practices" which were the subject of any demand, suit or other proceeding which was initiated against any insured; or  
b. Facts and circumstances, which would cause a reasonable person to believe a "claim" would be made and which were known to any insured,  
prior to the effective date of the earlier of (i) the first endorsement of this type that we issued to you of which this endorsement was an uninterrupted renewal of this type of coverage, or (ii) this endorsement.
2. Breach of any express contract of employment or any express obligation to make payments in the event of termination of employment.
3. Obligation to pay "damages" by reason of the assumption of liability in any 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.

4. Of the following laws:

- a. Any workers compensation, disability benefits or unemployment compensation law, or any similar law, provided however, this exclusion shall not apply to any "claim" based upon, arising from, or in consequence of any actual or alleged retaliatory treatment of the claimant by the Insured on account of the claimant's exercise of rights pursuant to any such law;
- b. Employees' Retirement Income Security Act of 1974, Public Law 93-406, (E.R.I.S.A.) as now or hereafter amended, or any similar state or other governmental law. This includes fiduciary liability, liability arising out of the administration of any employee benefit plan and any other liability under any such laws;
- c. The Fair Labor Standards Act, the National Labor Relations Act of 1938, the Worker Adjustment and Retraining Notification Act (Public Law 100-37991988), the Consolidated Omnibus Budget Reconciliation Act of 1985, or the Occupational Safety and Health Act. This exclusion also applies to any rules or regulations promulgated under any of the foregoing and amendments thereto or any similar provisions of any federal, state or local law, and to that part of any "damages" awarded for the cost or replacement of any insurance benefits due or alleged to be due to any current or former "employee".

5. Oral or written publication of material, if such material:
  - a. Was published by or at the direction of the insured with knowledge of the material's falsity; or
  - b. Was first published before the Retroactive Date shown in the Schedule.
6. Dishonest, criminal or fraudulent acts of the insured or the willful failure by the insured or with the insured's consent to comply with any law or any governmental or administrative order or regulation relating to employment practices. Willful means acting with intentional or reckless disregard for such employment related laws, orders or regulations.

The enforcement of this exclusion against any insured under this endorsement shall not be imputed to any other insured.

7. "Bodily injury".



8. "Employment practices" which occur when or after:
  - a. You file for or are placed in any bankruptcy, receivership, liquidation or reorganization proceeding; or
  - b. Any other business entity acquires an ownership interest in you, which is greater than fifty percent.
9. Costs of complying with physical modifications to your premises or any changes to your usual business operations as mandated by the Americans with Disabilities Act of 1990 including any amendment thereto, or any similar federal, state or local law.
10. Lockout, strike, picket line, related worker replacement(s) or other similar actions resulting from labor disputes or labor negotiations.

## 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 current or former 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 current or former members are also insureds, but only with respect to the conduct of your business. Your current or former managers are insureds, but only with respect to their duties as your managers.
  4. An organization other than a partnership or joint venture, you are an insured. Your current or former directors are insureds, but only with respect to their duties as your directors.
- B. Each of the following is also an insured:
  1. Your current or former "employees" but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business.
  2. 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.
- C. Any heirs, executors, administrators, assignees or legal representatives of any individual insured above, in the event of the death, bankruptcy or incapacity of such insured, but only to the extent this insurance would have been available to such insured.

- D. 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:
  1. You must provide us notice of such acquisition or formation within 30 days of the effective date of your acquisition or formation;
  2. 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;
  3. Coverage does not apply to any "employment practices" that occurred before you acquired or formed the organization; and
  4. You must pay us any additional premium due as a condition precedent to the enforceability of this additional extension of coverage.

This part D. does not apply to any organization after it is shown in the Declarations or added to this policy by endorsement.

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

- A. The Amount of Insurance stated as Total Aggregate Limit is the most we will pay for the sum of:
  1. All "damages" for all "claims" arising out of any actual or alleged "employment practices" covered by this insurance; and
  2. All "defense expense" for all "claims" seeking "damages" payable under paragraph 1. above.

Each payment we make for such "damages" or "defense expenses" reduces the Total Aggregate Limit by the amount of the payment. This reduced limit will then be the Amount of Insurance available for further "damages" and "defense expenses" under this endorsement.
- B. Subject to A. above, the Amount of Insurance stated as the Each "Claim" Limit of Insurance is the most we will pay in excess of the Deductible as further described in SECTION IV - DEDUCTIBLE of this endorsement for the sum of:
  1. All "damages" for injury arising from "employment practices" covered by this insurance arising out of one "claim" whether such "claim" is brought by one or more claimants: and

2. All "defense expense" associated with that specific "claim" in item B.1. immediately preceding.
- C. In addition to the payments for "damages" and "defense expense" in paragraphs A. and B. above, we will also pay 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 amount available for the judgment under the provisions of paragraphs A. and B. above.

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.

#### **SECTION IV - DEDUCTIBLE**

- A. A deductible applies to all "damages" for injury arising from "employment practices" and any "defense expense" however caused.
- B. Our obligation under this Employment Practices Liability to pay "damages" and "defense expense" on behalf of any insured applies only to the sum of the amount of "damages" and "defense expense" each "claim" which are in excess of the deductible amount stated in the Schedule.
- C. Your obligation is to pay that deductible which is applicable to each "claim" made against this insurance. That deductible applies to the sum of all "damages" because of injury arising from "employment practices" paid for each "claim" and applicable "defense expense" associated therewith. If there should be no "damages" paid for a "claim", you are still obligated to pay the applicable deductible for any "defense expense" incurred by us in connection with that "claim".
- D. The terms of this insurance apply irrespective of the application of the deductible, including those with respect to:
  1. Our right and duty to defend any "claims" seeking those "damages"; and
  2. Your duties in the event of a "claim".
- E. We may, but are not required to, pay any part or all of the deductible to effect settlement of any "claim" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible as we may have paid for "damages" or "defense expense".
- F. The application of the deductible does not erode the Limits of Insurance provided.

#### **SECTION V – COINSURANCE FOR PAYMENT OF "DAMAGES"**

- A. With respect to any "claim" for which we pay "damages" under this insurance, you will be responsible for your share of such "damages", in excess of the applicable deductible, at the percentage shown in the Schedule as coinsurance participation. We will be responsible for the remaining percentage of "damages" payable under this endorsement subject to the applicable Limits of Insurance.
- B. Your coinsurance participation is limited as shown in the Schedule to a maximum amount per "claim".
- C. Subject to the provisions of this section we may make payments for "damages" and then request you to pay us your percentage share. You agree to reimburse us for your share. By making such payments for "damages", we do not waive our right to recover your share of such payment(s).
- D. The application of this coinsurance provision does not erode the Limits of Insurance provided.

#### **SECTION VI - CONDITIONS**

##### **A. Bankruptcy**

Subject to the exclusion in Section I, item C.8., the bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this endorsement.

##### **B. Cancellation**

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us written advance notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is 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.

### C. Changes

This policy contains all 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.

### D. Duties in Event of "Employment Practices" or "Claims"

1. You must see to it that we are notified as soon as practicable of any specific "employment practices" which you believe may result in an actual "claim". Your belief must be reasonably certain as the result of specific allegations made by a potential claimant or such potential claimant's representative, or as the result of specifically identifiable injury sustained by a potential claimant. To the extent possible, notice should include:

- a. How, when and where such "employment practices" took place;
- b. The names and addresses of any potential claimants and witnesses; and
- c. The nature of any injury arising out of such "employment practices".

Notice of such "employment practices" is not notice of a "claim", but preserves any insured's rights to future coverage for subsequent "claims" arising out of such "employment practices" as described in the Basic Extended Reporting Period of Section VII - EXTENDED REPORTING PERIODS.

2. If a "claim" is received by any insured:
  - a. You must immediately record the specifics of the "claim" and the date received;
  - b. You and any other involved insured must see to it that we receive written notice of the "claim", as soon as practicable, but in any event we must receive notice either:
    - (i) During the policy period or within 30 days thereafter; or
    - (ii) With respect to any "claim" first made during any Extended Reporting Period we provide under Section VII - EXTENDED REPORTING PERIODS, during such Extended Reporting Period, as a condition precedent for coverage under this insurance. Such notice must provide us with the same information as is required in item (a.) immediately preceding; and

- c. You and any other involved insured must:
  - (i) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "claim";
  - (ii) Authorize us to obtain records and other information;
  - (iii) Cooperate with us in the investigation, settlement or defense of the "claim"; and
  - (iv) 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.

3. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent, other than those specific payments authorized under Section I, item B.7. - DEFENSE OF CLAIMS, ADMINISTRATIVE HEARINGS & SETTLEMENT AUTHORITY, in this endorsement.

### E. Examination of Your Books and Records

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

### F. Inspections and Surveys

We have the right but are not obligated to:

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

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not undertake to perform the duty of any person or organization to provide for the health or safety of, or lawful practices with your workers or the public. We do not warrant that conditions:

- a. Are safe or healthful; or
- b. Comply with laws, regulations, codes or standards as they relate to the purpose of this or any other insurance.

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

### **G. Legal Action Against Us**

No person or organization has a right under this endorsement:

1. To join us as a party or otherwise bring us into a "claim" seeking "damages" from any 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 "damages" that are not payable under the terms of this endorsement 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.

### **H. Other Insurance**

If other valid and collectible insurance is available to the insured for "damages" or "defense expense" we cover under this endorsement, our obligations are limited as follows:

1. As this insurance is the primary insurance, 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 2. below.
2. 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.

### **I. Payment of Premiums, Deductibles and Coinsurance Amounts**

1. We will compute all premiums for this insurance in accordance with our rules and rates; and
2. The first Named Insured shown in the Declarations is responsible for the payment of all premiums, deductibles and coinsurance payments due and will be the payee for any return premiums we pay.

### **J. 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 in your application for this insurance; and
3. Since we have issued this policy in reliance upon your representations, this policy is voidable if any material fact or circumstance relating to the subject of this insurance is omitted or misrepresented in your application.

### **K. Separation Of Insureds**

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this endorsement 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.

### **L. Sole Agent**

The first Named Insured is authorized to act on behalf of all insureds as respects the giving or receiving of notice of cancellation or nonrenewal, receiving premium refunds, requesting any Supplemental Extended Reporting Period and agreeing to any changes in this policy.

### **M. 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 endorsement, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will sue those responsible or transfer those rights to us and help us enforce them.

### **N. Transfer of Your Rights and Duties Under This Policy**

Your rights and duties under this endorsement may not be transferred without our written consent.

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

If we decide not to renew this insurance, 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 VII - EXTENDED REPORTING PERIODS

A. We will provide Extended Reporting Periods, as described below, if:

1. This endorsement is cancelled or not renewed; or
2. We renew or replace this endorsement with insurance that:
  - a. Has a Retroactive Date later than the date shown in the Schedule of this endorsement; or
  - b. Does not apply on a claims-made basis.

B. Extended Reporting Periods do not extend the policy period or change the scope of coverage provided. They apply only to "claims" as the result of "employment practices" which occurred after the Retroactive Date shown in the Schedule and before the end of the policy period. Once in effect, Extended Reporting Periods may not be cancelled.

C. Extended Reporting Periods do not reinstate or increase the Limits of Insurance.

D. A Basic Extended Reporting Period is automatically provided without additional charge. This period starts with the end of the policy period and lasts for:

1. Five years with respect to "claims" arising out of "employment practices" which had been properly reported to us during the policy period in accordance with paragraph D.1. of Duties in the Event of "Employment Practices" or "Claims", in CONDITIONS (Section VI) of this endorsement; and
2. Thirty (30) days with respect to "claims" arising from "employment practices" not previously reported to us.

The Basic Extended Reporting Period does not apply to "claims" that are covered under any subsequent insurance you purchase, or that would be covered but for exhaustion of the amount of insurance applicable to such claims.

E. A Supplemental Extended Reporting Period of either twelve (12) months or thirty-six (36) months duration is available, but only by an endorsement and for an extra charge. This supplemental period starts when the Basic Extended Reporting Period, set forth in paragraph D.2. above, ends. You must give us a written request for the endorsement, and its length, within 30 days after the end of the policy period. The Supplemental Extended Reporting Period will not go into effect unless you pay the additional premium when due. We will determine the additional premium in accordance with our rules and rates. In doing so, we may take into account the following:

1. The exposures insured;
2. Previous types and amounts of insurance;
3. Limits of Insurance available under this endorsement for future payment of "damages" or "defense expense"; and
4. Other related factors.

The additional premium will not exceed 200% of the annual premium for this endorsement.

F. The Supplemental Extended Reporting Period Endorsement we issue shall set forth the terms, not inconsistent with this Section, applicable to the Supplemental Extended Reporting Period, including a provision to the effect that the insurance afforded for "claims" first received during such period is excess over any other valid and collectible insurance available under policies in force after the Supplemental Extended Reporting Period begins.

## SECTION VIII - DEFINITIONS

A. **"Bodily injury"** means physical injury to the body, sickness or disease sustained by a person as the result of direct physical injury to the body, including death resulting from any of these at any time. "Bodily injury" does not include mental anguish or emotional distress that results from an "employment practice".

B. **"Claim"** means written or oral notice presented by:

1. Any "employee", "leased worker", "temporary worker", former "employee" or applicant for employment by you; or

2. The EEOC or any other Federal, state or local administrative or regulatory agency on behalf of such person in item 1. immediately preceding, that the insured is responsible for "damages" as a result of injury arising out of any "employment practices".

"Claim" includes any civil proceeding in which either "damages" are alleged or fact finding will take place, when either is the actual or alleged result of any "employment practice" to which this insurance applies. This includes:

- a. An arbitration proceeding in which such "damages" are claimed and to which the insured submits with our consent;
- b. Any other alternative dispute resolution proceeding in which such "damages" are claimed and to which the insured submits with our consent; or
- c. Any administrative proceedings established under applicable federal, state or local laws as may be applicable to "employment practices" covered under this insurance.

**C. "Coverage territory" means:**

1. The United States of America (including its territories and possessions) and Puerto Rico; or
2. Anywhere in the world with respect to the activities of a person whose place of employment is in the territory described in 1. above, while he or she is away for a short time on your business;

provided that the insured's responsibility to pay "damages" is determined in a suit (or in any other type of civil proceeding as described under the definition of "claim") on the merits in, and under the substantive law of, the United States of America (including its territories and possessions) or Puerto Rico.

- D. "Damages" means monetary amounts to which this insurance applies and which the insured is legally obligated to pay as judgments or awards, or as settlements to which we have agreed in writing. "Damages" include (i) "pre-judgment interest" awarded against the insured on that part of the judgment we pay, (ii) to the extent allowed by law, any portion of a judgment or award that represents a multiple of the compensatory amounts or punitive or exemplary damages, and (iii) statutory attorney fees.**

"Damages" do not include:

1. Civil, criminal, administrative or other fines or penalties;

2. Equitable relief, injunctive relief, declarative relief or any other relief or recovery other than monetary amounts; or
3. Judgments or awards because of acts deemed uninsurable by law.

**E. "Defense expense" means payments allocated to a specific "claim" for its investigation, settlement, or defense, including:**

1. Attorney fees and all other litigation expenses.
2. The cost of bonds to appeal a judgment or award in any "claim" we defend. We do not have to furnish these bonds.
3. The cost of bonds to release attachments, but only for bond amounts within the Amount of Insurance available. We do not have to furnish these bonds.
4. Reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of any "claim", including actual loss of earnings up to \$250 a day because of time off from work.
5. Costs taxed against the insured in the "claim".

"Defense expense" does not include:

- a. Salaries and expenses of our employees or your "employees", other than:
  - (i) That portion of our employed attorneys' fees, salaries and expenses allocated to a specific claim" for the defense of the insured; and
  - (ii) The expenses described in 4. above;
- b. Interest on the full amount of any judgement that accrues after entry of the judgement and before we have paid, offered to pay, or deposited in court the amount available for the judgement under the provisions of SECTION III – LIMITS OF INSURANCE.

- F. "Employee" means a person (i) employed by you for wages or salary, or (ii) who is a current or former member of your board of directors. But "employee" does not include any independent contractor, any employees of any independent contractor while acting within the scope of their employment, any "leased worker" or any "temporary worker".**

- G. "Employment Practices" means any of the following actual or alleged practices (i) which are directed against any of your "employees", "leased workers", "temporary workers", former "employees" or any applicant for employment by you, and (ii) for which remedy is sought under any federal, state or local statutory or common civil employment law:**

1. Wrongful refusal to employ a qualified applicant for employment;
  2. Wrongful failure to promote, or wrongful deprivation of career opportunity;
  3. Wrongful demotion, negligent evaluation, negligent reassignment or wrongful discipline;
  4. Wrongful termination of employment, including retaliatory or constructive discharge;
  5. Employment related misrepresentation;
  6. Harassment, coercion, discrimination or humiliation as a consequence of race, color, creed, national origin, marital status, medical condition, gender, age, physical appearance, physical and/or mental impairments, pregnancy, sexual orientation or sexual preference or any other protected class or characteristic established by any applicable federal, state, or local statute; or
  7. Oral or written publication of material that slanders, defames, libels, violates, or invades a right of privacy.
- H. **"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".
- I. **"Pre-judgment interest"** means interest added to a settlement, verdict, award or judgment based on the amount of time prior to the settlement, verdict, award or judgment, whether or not made part of the settlement, verdict, award or judgment.
- J. **"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.

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

## **EQUIPMENT BREAKDOWN COVERAGE**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

### **SCHEDULE**

**Coverage**

Spoilage Limit           \$ 50,000

**Deductible**

Combined, All Coverages \$ \_\_\_\_\_

Direct Coverages       \$ \_\_\_\_\_ (\*other conditions, if required, will be shown below)

Indirect Coverages     \$ \_\_\_\_\_  
or \_\_\_\_\_ hours (\*other conditions, if required, will be shown below)  
or \_\_\_\_\_ Times Average Daily Value

### **Other Conditions**

**A. The following is added to paragraph A.3. Covered Causes of Loss in Section I – Property:**

**Additional Coverage – Equipment Breakdown**

The term Covered Cause of Loss includes the Additional Coverage Equipment Breakdown as described and limited below. Without an "accident" or "electronic circuitry impairment", there is no Equipment Breakdown Coverage.

- 1. We will pay for direct physical damage to Covered Property that is the direct result of an "accident" or "electronic circuitry impairment". We will consider "electronic circuitry impairment" to be physical damage to "covered equipment".

- 2. The following coverages also apply to the direct result of an "accident" or "electronic circuitry impairment". However, with respect to coverage 2.h. **Service Interruption** below, and any Dependent Properties coverage provided by this policy, coverage will apply only to the direct result of an "accident" and will not apply to the direct result of an "electronic circuitry impairment". These coverages do not provide additional amounts of insurance.

**a. Business Income and Extra Expense**

- (1) Any insurance provided under the policy for Business Income or Extra Expense is extended to the coverage provided by this endorsement.
- (2) The most we will pay for loss or expense under this coverage is the applicable limit for Business Income and Extra Expense.



**b. Data Restoration**

- (1) We will pay for your reasonable and necessary cost to research, replace and restore lost "electronic data".
- (2) The most we will pay for loss or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, is \$25,000.

**c. Expediting Expenses**

- (1) With respect to your damaged Covered Property, we will pay the reasonable extra cost to:
  - (a) Make temporary repairs; and
  - (b) Expedite permanent repairs or permanent replacement.
- (2) The most we will pay for loss or expense under this coverage is \$25,000.

**d. Hazardous Substances**

- (1) We will pay your additional cost to repair or replace Covered Property because of contamination by a "hazardous substance". This includes the additional expenses to clean up or dispose of such property.
- (2) This does not include contamination of "perishable goods" by refrigerant, including but not limited to ammonia, which is addressed in 2.i.(1)(b) below. As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no "hazardous substance" been involved.
- (3) The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, is \$25,000.

**e. Off Premises Equipment Breakdown**

- (1) We will pay for physical damage to transportable "covered equipment" that, at the time of the "accident" or "electronic circuitry impairment", is not at a covered location. As respects this Off Premises Equipment Breakdown coverage only, the "accident" or "electronic circuitry impairment" may occur in any country except one in which the United States has imposed sanctions, embargoes or similar restrictions on the provision of insurance.

- (2) We will also pay for your reasonable and necessary cost to research, replace and restore lost "electronic data" contained within "covered equipment" as described under (1) above. This amount may not exceed the limit applicable to Data Restoration coverage.

- (3) The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, and Data Restoration as described in (2) above is the limit for Property Off-Premises coverage, shown in your policy.

**f. Public Relations**

- (1) This coverage only applies if you have sustained an actual loss of Business Income covered under this endorsement.
- (2) We will pay for your reasonable costs for professional services to create and disseminate communications, when the need for such communications arises directly from the interruption of your business. The communication must be directed to one or more of the following:
  - (a) The media;
  - (b) The public; or
  - (c) Your customers, clients or members.
- (3) Such costs must be incurred during the "period of restoration" or up to 30 days after the "period of restoration" has ended.
- (4) The most we will pay for loss or expense under this coverage is \$5,000.

**g. Resultant Damage to Animals**

- (1) Any insurance provided under the policy for "animals" is extended to the coverage provided by this endorsement.
- (2) The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, is \$25,000.

#### **h. Service Interruption**

- (1) Any insurance provided for Business Income, Extra Expense, Data Restoration or Spoilage is extended to apply to your loss, damage or expense caused by a failure or disruption of service. The failure or disruption of service must be caused by an "accident" to equipment, including overhead transmission lines, that is owned by a utility, landlord, a landlord's utility or other supplier who provides you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, "cloud computing services", wide area networks or data transmission. The equipment must meet the definition of "covered equipment" except that it is not Covered Property.
- (2) "Cloud computing services" must be provided by a professional provider with whom you have a contract.
- (3) With respect to the Data Restoration portion of this Service Interruption coverage, coverage will also apply to "data" stored in the equipment of a provider of "cloud computing services".
- (4) Service Interruption coverage will not apply unless the failure or disruption of service exceeds 24 hours immediately following the "accident". If the interruption exceeds 24 hours, coverage will begin at the time of the disruption, and the applicable deductible will apply.
- (5) The most we will pay in any "one equipment breakdown" for loss, damage or expense under this coverage is the applicable limit for Business Income, Extra Expense, Data Restoration or Spoilage.

#### **i. Spoilage**

- (1) We will pay for:
  - (a) Physical damage to "perishable goods" due to spoilage;
  - (b) Physical damage to "perishable goods" due to contamination from the release of refrigerant, including but not limited to ammonia;
  - (c) Any necessary expenses you incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

- (2) If you are unable to replace the "perishable goods" before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the "perishable goods" at the time of the "accident" or "electronic circuitry impairment", less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Loss Payment condition.
- (3) The most we will pay for loss, damage or expense under this coverage is \$50,000 unless otherwise shown in the above Schedule.

#### **B. The following is added to paragraph B. Exclusions:**

All exclusions in the Businessowners Coverage Form apply except as modified below and to the extent that coverage is specifically provided by this endorsement.

##### **1. The following exclusions are modified:**

- a. As respects this endorsement only, the next to the last paragraph in Exclusion **B.1.h.** is deleted and replaced with the following:

However, if excluded loss or damage, as described in paragraph (1) above results in an "accident" or "electronic circuitry impairment", we will pay only for the loss, damage or expense caused by such "accident" or "electronic circuitry impairment".

- b. As respects this endorsement only, the last paragraph of exclusion **B.2.i.** is deleted and replaced with the following:

But if an excluded cause of loss that is listed in **2.i.(1)** through **(7)** results in an "accident" or "electronic circuitry impairment", we will pay for the loss, damage or expense caused by that "accident" or "electronic circuitry impairment".

- c. The following is added to exclusions **B.2.m.** and **B.2.n.:**

We will also pay for direct physical loss or damage caused by an "accident" or "electronic circuitry impairment".

##### **2. The following exclusions are added:**

- a. We will not pay for loss, damage or expense caused directly or indirectly by any of the following, whether or not caused by or resulting from an "accident" or "electronic circuitry impairment":

- (1) Fire, including smoke from a fire;

- (2) Explosion of gas or unconsumed fuel within the furnace of any boiler, or fired vessel or within the passages from that furnace to the atmosphere;
  - (3) Any other explosion, except as specifically covered under this endorsement;
  - (4) Any earth movement, including but not limited to earthquake, subsidence, sink-hole collapse, landslide, earth sinking, tsunami or volcanic action;
  - (5) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not; mudslide or mudflow; or water that backs up or overflows from a sewer or drain or sump. However, if electrical "covered equipment" requires drying out because of the above, we will pay for the direct expenses of such drying out subject to the applicable Limit of Insurance and deductible for Building or Business Personal Property, whichever applies; or
  - (6) Vandalism.
- b. Coverage under this endorsement does not apply to an "accident" or "electronic circuitry impairment" caused by or resulting from:
- (1) Lightning;
  - (2) Windstorm or hail. However, this exclusion does not apply when:
    - (a) "Covered equipment" located within a building or structure suffers an "accident or "electronic circuitry impairment" that results from wind-blown rain, snow, sand or dust; and
    - (b) The building or structure did not first sustain wind or hail damage to its roof or walls through which the rain, snow, sand or dust entered.
  - (3) Smoke; aircraft or vehicles; riot or civil commotion; sprinkler leakage; elevator collision;
  - (4) Breakage of glass; falling objects; weight of snow, ice or sleet; freezing (caused by cold weather); collapse or molten material;
  - (5) A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment; or
  - (6) Water or other means used to extinguish a fire.
- c. With respect to Business Income, Extra Expense and Service Interruption coverages, we will also not pay for any increase in loss resulting from an agreement between you and your customer or supplier.
  - d. We will not pay for loss, damage or expense caused directly or indirectly by the following, whether or not caused by or resulting from an "accident" or "electronic circuitry impairment": Any "fungi", wet rot or dry rot, including and presence, growth, proliferation, spread or any activity of "fungi", wet rot or dry rot. This includes but is not limited to, costs arising from clean up, removal, or abatement of such "fungi", wet rot or dry rot. However, this exclusion does not apply to spoilage of personal property that is "perishable goods", to the extent that such spoilage is covered under Spoilage coverage.
  - e. Exclusions **2.b.(1)**, **2.b.(2)**, **2.b.(3)** and **2.b.(4)** above shall not apply if:
    - (1) The excluded cause of loss occurs away from any covered location and causes an electrical surge or other electrical disturbance;
    - (2) Such surge or disturbance is transmitted through utility service transmission lines to the covered location and results in an "accident" or "electronic circuitry impairment"; and
    - (3) The loss, damage or expense caused by such surge or disturbance is not covered elsewhere under this policy.

**C. Deductible**

The deductible in the Declarations applies unless a separate Equipment Breakdown deductible is shown in the above Schedule. If a separate Equipment Breakdown deductible is shown, the following applies.

Only as regards Equipment Breakdown Coverage, provision **D. Deductibles** is deleted and replaced with the following:

**1. Deductibles for Each Coverage**

- a. Unless the above Schedule indicates that your deductible is combined for all coverages, multiple deductibles may apply to any "one equipment breakdown".
- b. We will not pay for loss, damage or expense under any coverage until the amount of the covered loss, damage or expense exceeds the deductible amount indicated for that coverage in the above Schedule.

We will then pay the amount of loss, damage or expense in excess of the applicable deductible amount, subject to the applicable limit.

- c. If deductibles vary by type of "covered equipment" and more than one type of "covered equipment" is involved in any "one equipment breakdown", only the highest deductible for each coverage will apply.

## 2. Direct and Indirect Coverages

- a. Direct Coverages Deductibles and Indirect Coverages Deductibles may be indicated in the above Schedule.
- b. Unless more specifically indicated in the Schedule:
  - (1) Indirect Coverages Deductibles apply to Business Income and Extra Expense loss; and
  - (2) Direct Coverages Deductibles apply to all remaining loss, damage or expense covered by this endorsement.

## 3. Application of Deductibles

### a. Dollar Deductibles

We will not pay for loss, damage or expense resulting from any "one equipment breakdown" until the amount of loss, damage or expense exceeds the applicable deductible shown in the Schedule. We will then pay the amount of loss, damage or expense in excess of the applicable deductible or deductibles, up to the applicable Limit of Insurance.

### b. Time Deductible

If a time deductible is shown in the Schedule we will not be liable for any loss occurring during the specified number of hours or days immediately following the "accident" or "electronic circuitry impairment". If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.

### c. Multiple of Average Daily Value (ADV)

If a deductible is expressed as a number times ADV, that amount will be calculated as follows:

The ADV (Average Daily Value) will be the Business Income (as defined in any Business Income coverage that is part of this policy) that would have been earned during the period of interruption of business had no "accident" or "electronic circuitry impairment" occurred, divided by the number of working days in that period.

No reduction shall be made for the Business Income not being earned, or in the number of working days, because of the "accident" or "electronic circuitry impairment" or any other scheduled or unscheduled shutdowns during the period of interruption.

The ADV applies to the Business Income value of the entire location, whether or not the loss affects the entire location. If more than one location is included in the valuation of the loss, the ADV will be the combined value of all affected locations. For purposes of this calculation, the period of interruption may not extend beyond the "period of restoration".

The number indicated in the Schedule will be multiplied by the ADV as determined above. The result shall be used as the applicable deductible.

## 4. Percentage of Loss Deductibles

If a deductible is expressed as a percentage of loss, we will not be liable for the indicated percentage of the gross amount of loss, damage or expense (prior to any applicable deductible or coinsurance) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated minimum deductible, the minimum deductible will be the applicable deductible.

## D. Conditions

1. The following conditions are in addition to the Conditions in the Businessowners Coverage Form.

### a. Suspension

Whenever "covered equipment" is found to be in, or exposed to a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an "accident" or "electronic circuitry impairment" to that "covered equipment". This can be done by mailing or delivering a written notice of suspension to:

- (1) Your last known address; or
- (2) The address where the "covered equipment" is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that "covered equipment". If we suspend your insurance, you will get a pro rata refund of premium for that "covered equipment" for the period of suspension. But the suspension will be effective even if we have not yet made or offered a refund.

## b. Jurisdictional Inspections

If any property that is "covered equipment" under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.

2. As respects this endorsement only. Loss Payment Condition 5.d. in the Businessowners Coverage Form is deleted and replaced with the following:

a. We will determine the value of Covered Property as follows:

(1) Except as specified otherwise, our payment for damaged Covered Property will be the smallest of:

- (a) The cost to repair the damaged property;
- (b) The cost to replace the damaged property on the same site; or
- (c) The amount you actually spend that is necessary to repair or replace the damaged property.

(2) The amount of our payment will be based on the most cost-effective means to replace the function, capacity and remaining useful life of the damaged property. This may include the use of generic, used or reconditioned parts, equipment or property.

(3) Except as described in (4) below, you must pay the extra cost of replacing damaged property with property of a better kind or equality or of a different size or capacity.

(4) Environmental, Safety and Efficiency Improvements

If "covered equipment" requires replacement due to an "accident" or "electronic circuitry impairment", we will pay your additional cost to replace with equipment that is better for the environment, safer for people or more energy or water efficient than the equipment being replaced. However, we will not pay to increase the size or capacity of the equipment and we will not pay more than 150% of what the cost would have been to replace with like kind and quality. This provision does not apply to the replacement of component parts or to any property to which Actual Cash Value applies and does not increase any of the applicable limits.

(5) The following property will be valued on an Actual Cash Value basis:

- (a) Any property that does not currently serve a useful or necessary function for you; and
- (b) Any Covered Property that you do not repair or replace within 24 months after the date of the "accident" or "electronic circuitry impairment".

Actual Cash Value includes deductions for depreciation.

(6) If any one of the following conditions is met, property held for sale by you will be valued at the sales price as if no loss or damage had occurred, less any discounts and expenses that otherwise would have applied:

- (a) The property was manufactured by you;
- (b) The sales price of the property is less than the replacement cost of the property; or
- (c) You are unable to replace the property before its anticipated sale.

(7) Except as specifically provided for under Date Restoration coverage, "electronic data" and "media" will be valued on the following basis:

- (a) For mass-produced and commercially available software, at the replacement cost.
- (b) For all other "electronic data" and "media", at the cost of blank "media" for reproducing the records. We will not pay for "data" representing financial records based on the face value of such records.

## E. Definitions

The following definitions are added with respect to this endorsement only:

1. "Accident:

a. "Accident" means a fortuitous event that causes direct physical damage to "covered equipment". The event must be one of the following:

- (1) Mechanical breakdown, including rupture or bursting caused by centrifugal force;
- (2) Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;

- (3) Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
- (4) Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
- (5) Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.

**b. None of the following is an "accident":**

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

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

2. "Animal" means any creature of the kingdom Animalia. This includes, but is not limited to amphibians, birds, fish, insects, mammals, reptiles, and worms.

3. "Boilers and vessels" means:

- a. Any boiler, including attached steam, condensate and feedwater piping; and
- b. Any fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents.

This term does not appear elsewhere in this endorsement, but may appear in the above Schedule.

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

5. "Covered equipment"

a. "Covered equipment" means Covered Property:

- (1) That generates, transmits or utilizes energy;
- (2) Which, during normal usage, operates under vacuum or pressure, other than the weight of its contents; or
- (3) If your lease requires you to maintain it, air conditioning and heating equipment that is part of the building or structure you occupy but do not own.

"Covered equipment" may utilize conventional design and technology or new or newly commercialized design and technology.

b. None of the following is "covered equipment":

- (1) Structure, foundation, cabinet or compartment;
- (2) Insulating or refractory material;
- (3) Sewer piping, buried vessels or piping, or piping forming a part of a sprinkler or fire suppression system;
- (4) Water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
- (5) "Vehicle" or any equipment mounted on a "vehicle";
- (6) Satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
- (7) Dragline, excavation or construction equipment; or
- (8) Equipment manufactured by you for sale.

6. "Electronic circuitry" means microelectronic components, including but not limited to circuit boards, integrated circuits, computer chips and disk drives.

7. "Electronic circuitry impairment"

a. "Electronic circuitry impairment" means a fortuitous event involving "electronic circuitry" within "covered equipment" that causes the "covered equipment" to suddenly lose its ability to function as it had been functioning immediately before such event. This definition is subject to the conditions specified in b., c. and d. below.

- b. We shall determine that the reasonable and appropriate remedy to restore such "covered equipment's" ability to function is the replacement of one or more "electronic circuitry" components of the "covered equipment".
  - c. The "covered equipment" must be owned or leased by you, or operated under your control.
  - d. None of the following is an "electronic circuitry impairment":
    - (1) Any condition that can be reasonably remedied by:
      - (a) Normal maintenance, including but not limited to replacing expendable parts, recharging batteries or cleaning;
      - (b) Rebooting, reloading or updating software or firmware; or
      - (c) Providing necessary power or supply.
    - (2) Any condition caused by or related to:
      - (a) Incompatibility of the "covered equipment" with any software or equipment installed, introduced or networked within the prior 30 days; or
      - (b) Insufficient size, capability or capacity of the "covered equipment".
    - (3) Exposure to adverse environmental conditions, including but not limited to change in temperature or humidity, unless such conditions result in an observable loss of functionality. Loss of warranty shall not be considered an observable loss of functionality.
8. "Hazardous substance" means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.
9. "Media" means material on which "data" is recorded, such as solid state drives, hard disks, optical disks, flash drives, magnetic tapes or floppy disks.
10. "One equipment breakdown" means: If an initial "accident" or "electronic circuitry impairment" causes other "accidents" or "electronic circuitry impairments", all will be considered "one equipment breakdown". All "accidents" or "electronic circuitry impairments" that are the result of the same "accident" or "electronic circuitry impairment" will be considered "one equipment breakdown".
11. "Perishable goods" means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.
12. "Production machinery" means any machine or apparatus that processes or produces a product intended for eventual sale. This includes all component parts of such machine or apparatus and any other equipment used exclusively with such machine or apparatus. However, "production machinery" does not mean any boiler, or fired or unfired pressure vessel.
- This term does not appear elsewhere in this endorsement, but may appear in the above Schedule.
13. "Vehicle" means, as respects this endorsement only, any machine or apparatus that is used for transportation or moves under its own power. "Vehicle" includes, but is not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester. However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a "vehicle".
- The most we will pay for loss, damage or expense under this endorsement arising from any "one equipment breakdown" is the applicable Limit of Insurance in the Declarations unless otherwise shown in the Schedule. Coverage provided under this endorsement does not provide an additional amount of insurance.

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

## WINDSTORM OR HAIL DEDUCTIBLES

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

### SCHEDULE

Premises Number	Windstorm Or Hail Deductible
1	\$2,500

<b>Maximum Deductible For Loss Caused By Windstorm Or Hail In Any One Occurrence</b>	N/A
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Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The following provisions apply to **Section I – Property:**

The Windstorm or Hail Deductible, as shown in the Schedule and set forth in this endorsement, applies to covered loss or damage caused directly or indirectly by Windstorm or Hail. This Deductible applies to each occurrence of Windstorm or Hail.

With respect to Covered Property at a premises identified in the Schedule, no other deductible applies to Windstorm or Hail.

Nothing in this endorsement implies or affords coverage for any loss or damage that is excluded under the terms of the Water Exclusion or any other exclusion in this policy. If this policy is endorsed to cover Flood under the Flood Coverage Endorsement (or if you have a flood insurance policy), a separate Flood Deductible applies to loss or damage attributable to Flood, in accordance with the terms of that endorsement or policy.

**WINDSTORM OR HAIL DEDUCTIBLE CALCULATION**

This Deductible is calculated separately for, and applies separately to:

1. Each building that sustains loss or damage;
2. The personal property at each building at which there is loss or damage to personal property;
3. Personal property in the open.

If there is damage to both a building and personal property in that building, separate deductibles apply to the building and to the personal property.

We will not pay for loss or damage until the amount of loss or damage exceeds the Deductible. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit(s) of Insurance.

The maximum deductible stated in the Schedule is the most that will be deducted for all damages caused by windstorm or hail in any one occurrence

When property is covered under the Coverage Extension for Newly Acquired Or Constructed Property: In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to the deductible from the value(s) of the property at the time of loss. The applicable deductible for Newly Acquired Or Constructed Property is the highest deductible shown in the Schedule for any described premises.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**PROPERTY ADDITIONAL COVERAGES AND COVERAGE  
EXTENSIONS ENDORSEMENT**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

## SCHEDULE

 ESSENTIAL  ELITE

COVERAGE EXTENSIONS		
COVERAGE	LIMITS OF INSURANCE OR TERMS AND CONDITIONS CHANGE	
Accounts Receivable	\$ 250,000	At Each Premises
	\$ 5,000	At Premises Not Described
Building Material Theft – Non-owned Premises	\$ 5,000	Policy Limit
Ordinance Or Law – Building Or Tenant's Improvements And Betterments	Replacement Cost Valuation Required	
	The Lesser of \$ 100,000 or 20% of the Limit of Insurance	Combined Demolition Cost & Increased Cost Of Construction
Electronic Data Processing Equipment and Software	\$ 25,000	At Each Premises
Fine Arts	\$ 25,000	At Each Premises
Increase In Rebuilding Expenses Following Disaster	15%	Additional Expense Coverage/At Each Premises
Lock And Key Replacement	\$ 2,500	Any One Occurrence
Newly Acquired Or Constructed Property		
Building	\$ 1,000,000	At Each Building
Business Personal Property	\$ 500,000	At Each Building
Period Of Coverage	30	Days
Non-Owned Detached Trailers	\$ 5,000	Any One Occurrence
Outdoor Fences	Included	
Outdoor Property		
Maximum In Any One Occurrence	\$ 10,000	Any One Occurrence
Maximum Per Tree, Shrub Or Plant	\$ 1,000	Any One Occurrence
Outdoor Signs		
Attached	Included	
Detached	\$ 20,000	At Each Premises
Personal Property		
Off-premises	\$ 100,000	Up To 90 Days
In Transit	\$ Refer to this Endorsement	Policy Occurrence

<b>Personal Effects</b>	\$ 50,000	<b>At Each Premises</b>
<b>Personal Property Of Others</b>	\$ 25,000	<b>At Each Premises</b>
<b>Portable Tools</b>	Actual Cash Value Coverage	
<b>Maximum In Any One Occurrence</b>	\$ 25,000	<b>Any One Occurrence</b>
<b>Maximum To You Or Any Employee</b>	\$ 5,000	<b>Any One Occurrence</b>
<b>Premises Boundary</b>		<b>Distance Limitation Increased To 1,000 Feet</b>
<b>Property At Fairs Or On Exhibition</b>	\$ 50,000	<b>Any One Occurrence</b>
<b>Property In Custody Of Sales Representatives</b>	\$ 25,000	<b>Any One Occurrence</b>
<b>Rewards</b>	\$ 50,000	<b>Any One Occurrence</b>
<b>Spoilage</b>	\$ 10,000	<b>At Each Premises</b>
<b>Valuable Papers And Records (Other Than Electronic Data)</b>	\$ 250,000	<b>At Each Premises</b>
	\$ 5,000	<b>At Premises Not Described</b>
<b>Water Back Up; Sump Pump Overflow</b>	\$ 5,000	<b>Per Policy / Annual Aggregate</b>
<b>ADDITIONAL COVERAGES</b>		
<b>Business Crime</b>		
<b>Computer Fraud And Funds Transfer Fraud</b>	\$ 5,000	<b>Any One Occurrence</b>
<b>Employee Dishonesty</b>	\$ 10,000	<b>Any One Occurrence</b>
<b>Forgery Or Alteration</b>	\$ 10,000	<b>Any One Occurrence</b>
<b>Identity Theft Expense</b>	\$ 50,000	<b>Policy Period</b>
<b>Kidnap Expense</b>	\$ 50,000	<b>Policy Period</b>
<b>Money And Securities</b>	\$ 5,000	<b>Inside The Premises – Any One Occurrence</b>
	\$ 5,000	<b>Outside The Premises – Any One Occurrence</b>
<b>Money Orders And Counterfeit Money</b>	\$ 5,000	<b>Any One Occurrence</b>
<b>Business Income &amp; Extra Expense</b>		
<b>Lost Lease Protection</b>	\$ 5,000	<b>Policy Period</b>
<b>Business Income From Dependent Properties</b>	\$ 25,000	<b>Any One Occurrence</b>
<b>Business Travel Accidental Death Benefit</b>	\$ 50,000	<b>Policy Period</b>
<b>Conference Cancellation</b>	\$ 25,000	<b>Policy Period</b>
<b>Debris Removal Additional Limit</b>	\$ 50,000	<b>At Each Location</b>
<b>Donation Assurance</b>	\$ 50,000	<b>Policy Period</b>
<b>Emergency Real Estate Consulting Fee</b>	\$ 50,000	<b>Policy Period</b>
<b>Fire Department Service Charge</b>	\$ 250,000	<b>At Each Premises</b>
<b>Fire Extinguisher System Recharge Expense</b>	Included	
<b>Fundraising Event Blackout</b>	\$ 25,000	<b>Policy Period</b>
<b>Image Restoration Counseling</b>	\$ 50,000	<b>Policy Period</b>
<b>Officers Or Directors Replacement Expenses</b>	\$ 20,000	<b>Policy Period</b>
<b>Peak Season</b>	100%	<b>Not Applicable To Blanket</b>
<b>Political Unrest Coverage</b>	\$ 50,000	<b>Policy Period</b>

<b>Pollutant Cleanup And Removal</b>	\$ 25,000	<b>At Each Premises / Annual Aggregate</b>
<b>Temporary Meeting Space Rental</b>	\$ 25,000	<b>Policy Period</b>
<b>Terrorism Travel Reimbursement</b>	\$ 50,000	<b>Policy Period</b>
<b>Travel Delay Reimbursement</b>	\$ 1,500	<b>Per Policy Period / 72 Hour Waiting Period</b>
<b>Utility Services Failure – Off Premises</b>	Excluding Overhead Lines	
<b>Workplace Violence Counseling</b>	\$ 50,000	<b>Policy Period</b>

This Limit Of Insurance or Term And Condition is in addition to any other insurance provided by this endorsement and is the most we will apply for loss or damage for the indicated Coverage.

The coverage provided by this endorsement is subject to **Section I – Property**, including the deductible provisions, except as otherwise provided within this endorsement.

Coverages provided by this endorsement are in excess of any other specific coverages that are provided in other Coverage Parts or other Policies provided by West Bend Mutual Insurance Company.

#### A. Coverage

Paragraph A. Coverage is amended as follows:

1. Paragraph **1.a.(6)(b) Covered Property**; Paragraph **1.b. Covered Property**; and Paragraph **6. Coverage Extensions**, the distance limitation of within 100 feet of the described premises is amended to read within 1,000 feet of the described premises.
2. Paragraph **4.b. Limitations** is deleted.

#### B. Additional Coverages

In addition to the Limits Of Insurance, of **Section I Property** you may extend the insurance provided by this policy to these Additional Coverages.

Unless otherwise indicated, the Limits Of Insurance provided by these Additional Coverages are in addition to Paragraph **C. Limits Of Insurance**.

Unless otherwise indicated Paragraph **D. Deductibles** applies to these Additional Coverages.

1. Paragraph **5.a.(1) through (4) Debris Removal** is deleted and replaced by:
  - a. **Debris Removal**
    - (1) Subject to Paragraphs **(2)**, **(3)** and **(4)**, we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
    - (2) Debris Removal does not apply to costs to:
      - (a) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;

- (b) Remove debris of property owned by or leased to the landlord of the building where your described premises are located, unless you have a contractual responsibility to insure such property and it is insured under this policy;
  - (c) Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;
  - (d) Remove property of others of a type that would not be Covered Property under this Coverage Form;
  - (e) Remove deposits of mud or earth from the grounds of the described premises;
  - (f) Extract "pollutants" from land or water; or
  - (g) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph **(4)** the following provisions apply:
- (a) The most that we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
  - (b) Subject to Paragraph **(3)(a)** above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for the removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.

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

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

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

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

2. Paragraph 5.c. **Fire Department Service Charge** is deleted and replaced by:

**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 the Limit of Insurance shown in the Schedule for service at each premises described in the Declarations, unless a different limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

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

(1) Assumed by contract or agreement prior to loss; or

(2) Required by local ordinance.

Paragraph D. **Deductibles** does not apply to this Additional Coverage.

3. Paragraph 5.h. **Pollutant Clean-up And Removal** is deleted and replaced by:

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

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

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

The most we will pay for each location under this Additional Coverage is the Limit of Insurance shown in the Schedule for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

4. Paragraph 5.i. **Increased Cost Of Construction** is deleted.

5. Paragraph 5.m. **Business Income From Dependent Properties** is deleted and replaced by:

**m. Business Income From Dependent Properties**

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

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

The most we will pay under this Additional Coverage is the Limit of Insurance shown in the Schedule.

- (2) We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available:
- (a) Source of materials; or
  - (b) Outlet for your products.
- (3) If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.
- (4) Dependent property means property owned by others whom you depend on to:
- (a) Deliver materials or services to you, or to others for your account. But services does not mean water supply services, wastewater removal services, communication supply services or power supply services;
  - (b) Accept your products or services;
  - (c) Manufacture your products for delivery to your customers under contract for sale; or
  - (d) Attract customers to your business.
- The dependent property must be located in the coverage territory of this policy.
- (5) Secondary dependent property means an entity which is not owned or operated by a dependent property and which:
- (a) Delivers materials or services to a dependent property, which in turn are used by the dependent property in providing materials or services to you; or
  - (b) Accepts materials or services from a dependent property, which in turn accepts your materials or services.
- A road, bridge, tunnel, waterway, airfield, pipelines or any other similar area or structure is not a secondary dependent property.

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

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

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

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

6. Paragraph 5.o. **Fire Extinguisher Systems Recharge Expense** is deleted and replaced by:

**o. Fire Extinguisher Systems Recharge Expense**

(1) We will pay:

(a) The cost of recharging or replacing, whichever is less, your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) if they are discharged on or within 1,000 feet of the described premises; and

(b) For loss or damage to Covered Property if such loss or damage is the result of an accidental discharge of chemicals from a fire extinguisher or a fire extinguishing system.

(2) No coverage will apply if the fire extinguishing system is discharged during installation or testing.

Paragraph D. **Deductibles** does not apply to this Additional Coverage.

7. The following are added to Paragraph A.5. **Additional Coverages:**

Unless otherwise indicated, the Limits Of Insurance provided by these Additional Coverages are in addition to Paragraph C. **Limits Of Insurance.**

Unless otherwise indicated Paragraph D. **Deductibles** applies to these Additional Coverages.

**s. Business Travel Accidental Death Benefit**

We will pay a Business Travel Accidental Death Benefit for any expenses incurred by the named insured if a director or officer suffers an "injury" resulting in death or loss of limbs, sight, speech or hearing as described in Paragraph 2. below, while traveling on a common carrier for business purposes during the policy period.

(1) There will be no coverage if the cause of the "injury" that resulted in loss was:

- (a) an intentional act by the insured;
- (b) an act of suicide or attempted suicide, whether or not the deceased was sane or insane at the time of the attempted suicide;
- (c) an act of war;
- (d) a disease process.

(2) For the purpose of this additional coverage, we will pay the Business Travel Accident Benefit amount if the "injury" resulted in:

- (a) Physical damage to the body caused by violence, fracture, or an accident during the policy term that results in loss of life not later than 180 days after the policy expiration, the date of cancellation or the date of non-renewal;
- (b) Accidental loss of limbs or multiple fingers;
- (c) Total loss of sight, speech or hearing.

"Injury" means any physical change to the body caused by accident, violence, sickness or disease sustained by a person, including death resulting from any of these at any time.

The Limit of Insurance provided by this Additional Coverage per policy period is the Limit of Insurance shown in the Schedule.

Paragraph D. **Deductibles** does not apply.

**t. Conference Cancellation**

We will reimburse the insured for any business-related expenses, paid by the insured and not otherwise reimbursed, for a canceled conference that an employee was scheduled to attend.

With respect to this coverage:

- (1) The insured employee must have registered for the conference at least 30 days prior to the cancellation; and
- (2) The cancellation must be ordered by a local, state or federal Board of Health or other governmental authority having jurisdiction over the location of the conference.

The limit of insurance for this coverage per policy period is the Limit of Insurance shown in the Schedule.

Paragraph D. **Deductibles** does not apply.

**u. Donation Assurance**

We will reimburse you for "failed donation claim(s)".

- (1) With respect to any "failed donation claim":
  - (a) The donor must never have been in bankruptcy, nor have filed for bankruptcy/reorganization prior to the time said pledge was made to the insured;

- (b) For non-cash donations, payment will be based on the fair market value of said non-cash donation at the time of the "failed donation claim";
  - (c) In the case of unemployment incapacitation of a donor and as a condition of payment of the "failed donation claim";
    - (i) neither you nor the donor shall have had reason to believe the donor would become unemployed or incapacitated subsequent to the donation date and;
    - (ii) the donor shall be unemployed for at least 60 days prior to us making payment;
  - (d) No coverage shall be afforded for a written pledge of funds or other measurable tangible property to you dated prior to the policy period;
  - (e) A donation amount which is to be collected over more than a 12-month period shall be deemed a single donation.
2. "Failed donation claim" means written notice to the Insured during the Policy Period of:
- (a) the bankruptcy or reorganization of any donor whereby such bankruptcy or reorganization prevents the donor from honoring a prior written pledge of funds or other measurable tangible property to the Insured; or
  - (b) the unemployment or incapacitation of a natural person donor preventing him/her from honoring a prior written pledge of funds or other measurable tangible property to the Insured.

The limit for this coverage per policy period is the Limit of Insurance shown in the Schedule.

Paragraph D. **Deductibles** does not apply.

**v. Emergency Real Estate Consulting Fee**

We will reimburse you for any realtor's fee or real estate consultant's fee you incur resulting from your need to relocate due to the "unforeseeable destruction" of your principal location as shown on the declarations.

"Unforeseeable destruction" means damage resulting from a "Certified Act of Terrorism", fire, crash or collapse which renders all of the Insured's primary location completely unusable.

The limit for this coverage per policy period is the Limit of Insurance shown in the Schedule.

Paragraph D. **Deductibles** does not apply.

**w. Fundraising Event Blackout**

We will reimburse the insured for fundraising event expenses that are incurred due to the cancellation of a fundraising event caused by the lack of electric supply resulting in a power outage, provided the fundraising event is not re-scheduled. The fundraising event must have been planned at least 30 days prior to the power outage.

The limit of insurance for this coverage per policy period is the Limit of Insurance shown in the Schedule.

Paragraph D. **Deductibles** does not apply.

**x. Image Restoration Counseling**

We will reimburse you for expenses incurred for image restoration and counseling arising out of "improper acts" by any Insured. Covered expenses are limited to:

- (1) The costs of rehabilitation and counseling for the accused Insured provided the Insured is not ultimately found guilty of criminal conduct, said reimbursement to occur after acquittal of the Insured;
- (2) The costs, charged by a recruiter or expended on advertising, of replacing an officer as a result of improper acts"; and
- (3) Up to \$10,000 for the costs of restoring the Named Insured's reputation and consumer confidence through image consulting.

"Improper acts" means any actual or alleged act of:

- (1) Sexual abuse
- (2) Sexual intimacy
- (3) Sexual molestation; and/or
- (4) Sexual assault;



committed by an Insured against any natural person who is not an Insured. Such "improper acts" must have been committed by the Insured while in his or her capacity as an insured.

The limit of insurance for this coverage per policy period is the Limit of Insurance shown in the Schedule.

Paragraph **D. Deductibles** does not apply.

**y. Lost Lease Protection**

We will pay for Business Income and Extra Expense costs you incur for "lost lease interest" due to cancellation of lease contracts by your tenants. Cancellation must result from a direct physical loss by a Covered Cause of Loss to covered real property during the policy period.

"Lost lease interest" means:

The difference between the rent payments you were collecting prior to a covered loss and the total anticipated rental income including any tenant obligations you may be responsible for after the loss or damage has been repaired or rebuilt.

"Lost lease interest" does not include refunds or rebates for prepaid rent payments made on your behalf by tenants, or deposits of any kind made by tenants to a landlord or lessor of other premises.

Coverage begins with the date of direct physical loss and ends on the date when the property should be repaired, rebuilt or replaced with reasonable speed and similar quality

The limit of insurance for this coverage per policy period is the Limit of Insurance shown in the Schedule.

Paragraph **D. Deductibles** does not apply.

**z. Officers Or Directors Replacement Expenses**

We will pay "Officers Or Directors Replacement Expenses" if the executive officer or director suffers an "injury" while in the course of employment during the policy period which results in the loss of life during the policy period.

"Officers Or Directors Replacement Expenses" means:

- (1) Costs of advertising the employment position opening;
- (2) Travel, lodging, meal and entertainment expenses incurred in interviewing job applicants for the employment position opening; and

- (3) Miscellaneous extra expenses incurred in finding, interviewing and negotiating with the job applicants, including, but not limited to, overtime pay, costs to verify the background and references of the applicants and legal expenses incurred to draw up employment contracts.

The limit of insurance for this coverage per policy period is the Limit of Insurance shown in the Schedule.

Paragraph **D. Deductibles** does not apply.

**aa. Political Unrest Coverage**

We will reimburse any present director, officer, employee or volunteer of the named insured while traveling outside the United States of America for "emergency evacuation expenses" that are incurred as a result of an incident of "political unrest". This "political unrest" must occur during the policy period. No coverage is granted for travel to countries in a state of "political unrest" at the time of departure of the travel.

- (1) "Emergency Evacuation Expense" means:

- (a) Additional lodging expenses;
- (b) Additional transportation expenses;
- (c) The cost of obtaining replacements of lost or stolen travel documents necessary for evacuation from the area of "political unrest"; and
- (d) Translation services, message transmittals and other communication expenses;

provided these expenses are not otherwise reimbursable.

- (2) "Political Unrest" means"

- (a) A short-term condition of disturbance, turmoil or agitation within a foreign country that poses imminent risk to the security of citizens of the United States;
- (b) A long-term condition of disturbance, turmoil or agitation that makes a foreign country dangerous or unstable for citizens of the United States; or

(c) A condition of disturbance, turmoil or agitation within a foreign country that constrains the United States Government's ability to assist citizens of the United States, due to the closure or inaccessibility of an embassy or consulate or because of a reduction of its staff;

for which either an alert of travel warning has been issued by the United States Department of State.

The limit of insurance for this coverage per policy period is the Limit of Insurance shown in the Schedule.

Paragraph D. **Deductibles** does not apply.

**bb. Temporary Meeting Space Rental**

We will reimburse you for the rental of meeting space which is necessitated by the temporary unavailability of your primary office space due to the failure of a climate control system, or leakage of a hot water heater during the policy period. Coverage will exist only for the renting of temporary meeting space required for meeting with parties who are not insured under this policy.

The limit of insurance for this coverage per policy period is the Limit of Insurance shown in the Schedule.

Paragraph D. **Deductibles** does not apply.

**cc. Terrorism Travel Reimbursement**

We will reimburse any of your present directors or officers in the event of a "Certified Act of Terrorism" during the policy period which necessitates that he/she incurs "Emergency Travel Expenses".

"Emergency Travel Expenses" means:

- (1) Hotel expenses incurred which directly result from the cancellation of a scheduled transport by a common carrier resulting directly from and within forty-eight hours of a "Certified Act of Terrorism"; and
- (2) The increased amount incurred in air or train fare which may result from rescheduling comparable transport, to replace a similarly scheduled transport canceled by a common carrier in direct response to a "Certified Act of Terrorism".

The limit of insurance for this coverage per policy period is the Limit of Insurance shown in the Schedule.

Paragraph D. **Deductibles** does not apply.

**dd. Travel Delay Reimbursement**

We will reimburse any of your present directors or officers for any non-reimbursable expenses they incur as a result of the cancellation of any regularly scheduled business travel on a common carrier.

The limit of insurance for this coverage per policy period is the Limit of Insurance shown in the Schedule. A 72 hour waiting period deductible applies to this Additional Coverage.

**ee. Workplace Violence Counseling**

In the event that an incidence of "workplace violence" occurs we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by this "workplace violence".

Extra Expense is extended to include the cost of mental health counseling for employees following an incident of "workplace violence".

"Workplace violence" means any intentional use of or threat to use deadly force with intent to cause harm and that results in bodily "injury" or death of an insured, and insured's employee or any other person while on your premises.

"Injury" means any physical damage to the body caused by accident, violence, sickness or disease sustained by a person, including death resulting from any of these at any time.

The limit of insurance for this coverage per policy period is the Limit of Insurance shown in the Schedule.

Paragraph D. **Deductibles** does not apply.

**ff. Business Crime**

- (1) Under Paragraph 5. Additional Coverages Item k. Forgery Or Alteration is deleted and replaced by:

**k. Forgery Or Alteration**

- (1) We will pay for loss resulting directly from forgery or alteration of any check, draft, promissory note, bill of exchange or similar written promise of payment in "money", that you or your agent has issued, or that was issued by someone who impersonates you or your agent.

- (2) If you are sued for refusing to pay the check, draft, promissory note, bill of exchange or similar written promise of payment in "money", on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur in that defense.
  - (3) For the purpose of this coverage, check includes a substitute check as defined in the Check Clearing for the 21st Century Act, and will be treated the same as the original it replaced.
  - (4) The most we will pay for any loss, including legal expenses, in any one "occurrence" under this Additional Coverage is the Limit of Insurance shown in the Schedule.
- (2) Under Paragraph 5. Additional Coverages, Item j. Money Orders And "Counterfeit Money" is deleted and replaced by:

**j. Money Orders And "Counterfeit Money"**

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

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

We will not pay for loss involving virtual currency of any kind, by whatever name known, whether actual or fictitious including, but not limited to, digital currency, crypto currency or any other type of electronic currency.

The most we will pay for any loss, in any one "occurrence" under this Additional Coverage is the Limit of Insurance shown in the Schedule.

The following are added:

**Coverage 1 – Computer Fraud and Funds Transfer Fraud**

We will pay for loss of and damage to "money", "securities" and "other property" following and directly related to the use of any computer to fraudulently cause a transfer of that property from inside the described premises, bank or savings institution.

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

We will not pay for loss or damages caused by or resulting from the use or purported use of credit, debit, charge, access, convenience, identification, stored-value or other cards or the information contained on such cards.

Under **G.2.b. Money and Securities**, Paragraph **b.** the following exclusions are added:

- (4) Or damage to "money" and "securities", following and directly related to the use of any computer to fraudulently cause a transfer of that property from inside the described premises, bank or savings institution:
  - (a) To a person (other than a messenger) outside those premises; or
  - (b) To a place outside those premises.
- (5) Loss involving virtual currency of any kind, by whatever name known, whether actual or fictitious including, but not limited to, digital currency, crypto currency or any other type of electronic currency.

Under Paragraph **A.4. Limitations** Subparagraph **a.(4)** does not apply.

The most we will pay for loss of "money" and "securities" resulting directly from a "fraudulent instruction" directing a financial institution to transfer, pay or deliver "money" and "securities" from your "transfer account" under this Additional Coverage in any one "occurrence" is the Limit of Insurance shown in the Schedule.

**Coverage 2 – Identity Theft Expense**

We will reimburse any present director or officer of the named insured, for "identity theft expenses" incurred as the direct result of any "identity theft" first discovered and reported during the policy period, provided that it began to occur subsequent to the effective date of the insured's first policy with us.

The Limit of Insurance for this coverage per policy period is the Limit of Insurance shown in the Schedule.

Paragraph **D. Deductibles** does not apply.

### **Coverage 3 – Kidnap Expense**

We will pay on behalf of any officer or director of the insured, reasonable fees incurred as a result of the kidnapping of them or their spouse, "domestic partner", parent or child during the policy period. Coverage will not apply to any kidnapping by or at the direction of any present or former family member of the victim.

Reasonable fees include:

- (1) Fees and expenses of an independent negotiator or consultant retained with prior approval from us;
- (2) Costs of travel and accommodations incurred by the named insured which become necessary due to the applicable kidnapping;
- (3) The reward paid by the named insured, which is pre-approved by us, to an informant for information not otherwise available which leads to the arrest and conviction of persons responsible for any damages under this policy; and.
- (4) The current salary of your officer or director who is kidnapped.

Salary shall be paid for a period commencing upon abduction and ceasing upon:

- (1) The release of the employee or discovery of the death of the employee; or.
- (2) 120 days after we receive the last credible evidence that the "employee" is still alive; or
- (3) Twelve (12) months after the date of the kidnapping; or
- (4) The exhaustion of the kidnap expense limit,

whichever comes first.

The Limit of Insurance for this coverage per policy period is the Limit of Insurance shown in the Schedule.

Paragraph **D. Deductibles** does not apply.

### **Coverage 4 – Money And Securities**

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

- (1) Theft, meaning any act of stealing;
- (2) Disappearance; or
- (3) Destruction.

In addition to the Limitations and Exclusions applicable to **Section 1 – Property**, we will not pay for loss:

- (1) Resulting from accounting or arithmetical errors or omissions;
- (2) Due to the giving or surrendering of property in any exchange or purchase; or
- (3) Of property contained in any "money" – operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

The most we will pay for loss in any one "occurrence" is:

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

All loss:

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

is considered one "occurrence".

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

### **Coverage 5 – Employee Dishonesty**

We will pay for direct loss of or damage to Business Personal Property and "money" and "securities" resulting from dishonest acts committed by any of your "employees" acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:

- (1) Cause you to sustain loss or damage; and also
- (2) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
  - (a) Any "employee"; or
  - (b) Any other person or organization.

We will not pay for loss or damage:

- (1) Resulting from any dishonest or criminal act that you or any of your partners or "members" commit whether acting alone or in collusion with other persons.
- (2) Resulting from any dishonest act committed by any of your "employees" (except as provided above), "managers" or directors:
  - (a) Whether acting alone or in collusion with other persons; or
  - (b) While performing services for you or otherwise.
- (3) The only proof of which as to its existence or amount is:
  - (a) An inventory computation; or
  - (b) A profit and loss computation.
- (4) Caused by an "employee" if the "employee" had also committed theft or any other dishonest act prior to the effective date of this policy and you or any of your partners, "members", "managers", officers, directors or trustees, not in collusion with the "employee", learned of that theft or dishonest act prior to the policy period shown in the Declarations.

The most we will pay for loss or damage in any one "occurrence" under this Additional Coverage is the Limit of Insurance shown in the Schedule.

All loss or damage:

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

If any loss is covered:

- (1) Partly by this insurance; and
- (2) Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;

the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.

We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

This coverage is cancelled as to any "employee" immediately upon discovery by:

- (1) You; or
- (2) Any of your partners, "members", "managers", officers or directors not in collusion with the "employee";

of any dishonest act committed by that "employee" before or after being hired by you.

We will pay only for covered loss or damage sustained during the policy period and discovered no later than one year from the end of the policy period.

If you (or any predecessor in interest) sustained loss or damage during the policy period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Additional Coverage, provided:

- (1) This coverage became effective at the time of cancellation or termination of the prior insurance; and
- (2) The loss or damage would have been covered by this coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.

We will pay for loss or damage sustained during the prior insurance period as part of, not in addition to, the Limit of Insurance applying to this Additional Coverage and is limited to the lesser of the amount recoverable under:

- (1) This coverage as of its effective date; or
- (2) The prior insurance had it remained in effect.

### C. Coverage Extensions

In addition to the Limits Of Insurance of **Section I Property** you may extend the insurance provided by this policy to these Coverage Extensions.

Unless otherwise indicated, the Limits Of Insurance provided by these Coverage Extensions are in addition to Paragraph C. **Limits Of Insurance**.

Unless otherwise indicated Paragraph D. **Deductibles** applies to these Coverage Extensions.

1. Paragraph **6.a. Newly Acquired Or Constructed Property** is deleted and replaced by:

**a. Newly Acquired Or Constructed Property**

**(1) Buildings**

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

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

The most we will pay for loss or damage under this Coverage Extension at each building is the Limit of Insurance shown in the Schedule.

**(2) Business Personal Property**

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

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

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

The most we will pay for loss or damage under this Coverage Extension at each building is the Limit of Insurance shown in the Schedule.

**(3) Period Of Coverage**

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

- (a)** This policy expires;
- (b)** The number of days shown in the Schedule 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.

2. Paragraph **6.b. Personal Property Off-premises** is deleted and replaced by:

**b. Personal Property Off-premises and Personal Property In Transit**

**(1) Personal Property Off-premises**

You may extend the insurance provided by this policy to apply to your covered Business Personal Property while it is away from the described premises, if it is:

- (a)** Temporarily at a location you do not own, lease or operate; or
- (b)** In storage at a location you lease, provided the lease was executed after the beginning of the current policy term.

This Coverage Extension does not apply to Covered Property:

- (a)** In or on a vehicle;
- (b)** In the care, custody or control of your salesperson;
- (c)** At any fair or exhibition;
- (d)** Owned by you, or for which you are legally liable, that is to be installed by you or at your direction, while the property is at a jobsite location;
- (e)** Money and securities;
- (f)** Contractors equipment or tools used to conduct your operations away from the described premises;

- (g) Accounts Receivable; or
- (h) Valuable Papers.

The most we will pay for loss or damage under this Coverage Extension is the Limit of Insurance shown in the Schedule. Insurance under this Coverage Extension will end when any of the following first occurs:

- (a) This policy expires, or
- (b) 90 days expire after your Covered Property is temporarily at a location you do not own, lease or operate.

**(2) Personal Property In Transit**

You may extend the insurance provided by this policy to apply to your covered Business Personal Property while in transit. Coverage is provided while the property is in or on a motor vehicle you own, lease or operate while between points in the coverage territory.

The most we will pay for loss or damage under this Coverage Extension is:

- (a) \$5,000 on Fine Arts;
- (b) \$5,000 on "Computers";
- (c) \$5,000 on "Electronic Data";
- (d) \$5,000 on Business Personal Property in or on a motor vehicle you do not own, lease or operate;
- (e) \$25,000 on All Other Property except as noted below.

This Coverage Extension does not apply to:

- (a) Money and Securities;
- (b) Contractors equipment or tools used to conduct your operations away from the described premises;
- (c) Covered Property owned by you, or for which you are legally liable, that is to be installed by you or at your direction, while the property is at a jobsite location;
- (d) Property in the care, custody, or control of your salesperson;
- (e) Accounts Receivable; or
- (f) Valuable Papers.

3. Paragraph 6.c. **Outdoor Property** is deleted and replaced by:

**c. Outdoor Property**

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

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

The most we will pay for loss or damage under this Coverage Extension is the Maximum Limit of Insurance for all items, subject to the separate Maximum Limit of Insurance applicable to each tree, shrub or plant, shown in the Schedule.

These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

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

Paragraph D. **Deductibles** does not apply to this Coverage Extension.

4. Paragraph 6.d. **Personal Effects** is deleted and replaced by:

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

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

- (1) Personal effects owned by you, your officers, your partners or "members", your "managers" or your employees, including temporary or leased employees. This extension does not apply to:
  - (a) Tools or equipment used in your business; or
  - (b) Loss or damage by theft.

The most we will pay for loss or damage to Personal Effects under this Coverage Extension at each described premises is the Limit of Insurance shown in the Schedule.

- (2) Personal Property of Others in your care, custody or control.

The most we will pay for loss or damage to Personal Property of Others under this Coverage Extension at each described premises is the Limit of Insurance shown in the Schedule.

Under Section E. Property Loss Conditions, Paragraph 5. Loss Payment Item d.(3)(b) is deleted and replaced by:

**d.(3)(b)** We will pay on a Replacement Cost basis when Business Personal Property valuation is Replacement Cost. However, if an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

Paragraph D. **Deductibles** does not apply to this Coverage Extension.

5. Under the **Valuable Papers And Records** Paragraph A.6.e.(3) is deleted and replaced by:

- (3) The most we will pay under this Coverage Extension for loss or damage to "valuable papers and records" in any one occurrence at each described premises and for "valuable papers and records" not at the described premises are the Limits of Insurance shown in the Schedule.

6. Under **Accounts Receivable** Paragraph A.6.f.(2) is deleted and replaced by:

- (2) The most we will pay under this Coverage Extension for loss or damage in any one occurrence at each described premises and for accounts receivable not at the described premises are the Limits of Insurance shown in the Schedule.

7. The following are added to Paragraph 6. **Coverage Extensions:**

**g. Building Material Theft**

We will pay for loss or damage by theft or attempted theft of building materials and supplies not attached as part of the building or structure located either on or off premises owned by you.

The most we will pay under this coverage is the Limit of Insurance shown in the Schedule.

**h. Rewards**

We will pay, up to the Limit of Insurance shown in the Schedule, for information which leads to the arrest and conviction of the person(s) who caused the loss covered under this policy. Regardless of the number of persons involved in providing information our liability under this Coverage Extension will not be increased.

This Coverage Extension does not apply to:

- (1) you;
- (2) your family members; or
- (3) your employees, volunteers or independent contractors.

Paragraph D. **Deductibles** does not apply to this Coverage Extension.

**i. Outdoor Signs**

**(1) Detached Outdoor Signs**

We will pay for loss or damage to any detached outdoor sign permanently fixed in place as a result of a Covered Cause of Loss.

The most we will pay for loss or damage under this Coverage Extension at each described premises is the Limit of Insurance shown in the Schedule.

**(2) Attached Outdoor Signs**

Attached outdoor signs are added as Covered Property – Buildings (Paragraph A.1.a.) or Covered Property – Business Personal Property (Paragraph A.1.b.).

Paragraph C.2. **Limits Of Insurance** is deleted.

**j. Outdoor Fences**

Outdoor fences are added as Covered Property – Buildings (Paragraph A.1.a.) or Covered Property – Business Personal Property (Paragraph A.1.b.).

**k. Property At Fairs Or On Exhibition**

You may extend the insurance provided by this policy to apply to your covered Business Personal Property while at any fair or exhibition not located within 1,000 feet of the described premises. This Coverage Extension does not apply to fine arts or your salespersons samples.



The most we will pay for loss or damage under this Coverage Extension is the Limit of Insurance shown in the Schedule.

**I. Ordinance or Law Coverage - Building Or Tenants Improvements And Betterments**

If Replacement Cost Coverage is provided for a covered Building or covered Tenant's Improvements and Betterments damaged by a Covered Cause of Loss, we will pay:

**Coverage 1 – Coverage for Loss to the Undamaged Portion of the Building or Undamaged Tenant's Improvements And Betterments**

If a Covered Cause of Loss occurs to covered Building or covered Tenant's Improvements and Betterments, with respect to the building that has sustained direct physical damage, we will pay under **Coverage 1** for the loss in value of the undamaged portion of the building or improvements and betterments as a consequence of a requirement to comply with an ordinance or law that requires demolition of undamaged parts of the same building or improvements and betterments.

We will not pay under **Coverage 1** for undamaged improvements and betterments that could be removed from the building, without incurring damage to such improvements and betterments, prior to demolition or repair of the building.

**Coverage 2 – Demolition Cost Coverage**

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

We will pay the cost to demolish and clear the undamaged parts of the improvements and betterments, provided that such cost is distinguishable from the cost of demolishing the building and you are responsible for the cost of demolition of the improvements and betterments.

We will not pay under **Coverage 2** for demolition of undamaged improvements and betterments that could be removed from the building, without incurring damage to such improvements and betterments, prior to demolition or repair of the building.

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

**Coverage 3 – Increased Cost of Construction Coverage**

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

- (1) Repair or reconstruct damaged portions of that building or improvements and betterments; and/or
- (2) Reconstruct or remodel undamaged portions of that building or improvements and betterments, whether or not demolition is required;

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

However:

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

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

**Coverage 4 – Increased Period of Restoration**

- (1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of suspension of your "operations" caused by or resulting from a requirement to comply with any ordinance or law that:
  - (a) Regulates the construction or repair of any property;
  - (b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and
  - (c) Is in force at the time of loss.

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

(2) The Period Of Restoration definition is replaced by the following:

"Period Of Restoration" means the period of time that:

- (a) Begins immediately after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and
- (b) Ends on the earlier of:
  - (i) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
  - (ii) The date when business is resumed at a new permanent location.

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

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

#### **Loss Payment**

##### **Coverage 1 – Coverage for Loss to the Undamaged Portion of the Building or Undamaged Portion of Tenants, Improvements and Betterments**

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

- (1) If the property is repaired or replaced on the same or another premises, we will not pay more than the lesser of:

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

- (b) The Limit of Insurance shown in the Declarations as applicable to the covered building or improvements and betterments.

(2) If the property is not repaired or replaced we will not pay more than the lesser of:

- (a) The actual cash value of the property at the time of loss; or

- (b) The Limit of Insurance shown in the Declarations as applicable to the covered building or improvements and betterments.

The insurance provided by **Coverage 1** does not increase Paragraph **C. Limits Of Insurance**.

##### **Coverage 2 – Demolition Cost Coverage and Coverage 3 – Increased Cost of Construction Coverage Combined**

The most we will pay, for the total of all covered losses for Demolition Cost and Increased Cost of Construction, is the lesser of the Combined Limit of Insurance of:

- (1) The amount shown in the Schedule; or
- (2) The percentage indicated in the Schedule applied to the covered building(s) or improvements and betterments Limit of Insurance.

Loss payment under **Combined Coverage 2 – Demolition Cost Coverage and Coverage 3 – Increased Cost of Construction** will be determined as follows:

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

With respect to the Increased Cost of Construction Coverage:

- (1) We will not pay for the increased cost of construction:
  - (a) Until the property is actually repaired or replaced at the same or another premises; and

- (b) Unless the repairs or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
- (2) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.
- (3) If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

The insurance provided by **Combined Coverage 2** and **Coverage 3** does not increase Paragraph **C. Limits of Insurance**.

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

We will not pay for loss due to any ordinance or law that:

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

We will not pay for enforcement of or compliance with any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungi", wet rot or dry rot; or

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

#### **Application Of Coverage(s)**

Coverage 1, 2, 3, and/or 4 apply only if both (1) and (2) are satisfied and are then subject to the qualifications set forth in (3).

- (1) The ordinance or law:
  - (a) Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and

- (b) Is in force at the time of the loss: or the ordinance or law is promulgated or revised after the loss but prior to the commencement of reconstruction or repair and provided that such ordinance or law requires compliance as a condition precedent to obtaining a building permit or certificate of occupancy.

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

- (2) The building or improvements or betterments sustains direct physical damage:
  - (a) That is covered under this policy and as a result of such damage you are required to comply with the ordinance or law; or
  - (b) That is covered under this policy and direct physical damage that is not covered under this policy, and as a result of the building or improvements and betterments damage in its entirety you are required to comply with the ordinance or law.
  - (c) But if the damage is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this Coverage Extension even if the building or improvements or betterments has also sustained covered direct physical damage.
- (3) In the situation described in (2)(b) above, we will not pay the full amount of loss otherwise payable under the terms of Coverages 1, 2, 3 and/or 4 of this Coverage Extension. Instead, we will pay a proportion of such loss, meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

However, if the covered direct physical damage alone would have resulted in a requirement to comply with the ordinance or law, then we will pay the full amount of the loss otherwise payable under terms of Coverages 1, 2, 3 and/or 4 of this Coverage Extension.

To the extent that the Ordinance Or Law Exclusion might conflict with the coverage provided under this endorsement, the Ordinance Or Law Exclusion does not apply to such coverage.

**m. Fine Arts**

You may extend the insurance that applies to Business Personal Property to apply to "fine arts".

"Fine arts" means paintings; etchings; pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; "antique" jewelry; bric-a-brac; porcelains; and similar property of rarity, historical value, or artistic merit.

"Antique" means an object having value because its:

- (1) Craftsmanship is in the style or fashion of former times; and
- (2) Age is 100 years old or older.

We will not pay for loss or damage caused by processing of or work upon the covered property including repairs or restoration.

In the event of a total loss to "fine arts", the value will be based on the lesser of:

- (1) The market value at the time of the covered loss or damage;
- (2) The cost to repair or restore the covered "fine arts" to the condition immediately before the loss or damage; or
- (3) The cost of a replacement with substantially identical property.

In the event of a partial loss or damage to "fine arts" the value will be based on:

- (1) The cost to repair or restore the covered "fine arts" to the condition immediately before the loss or damage; or
- (2) The difference between the value of the pair or set before and after the covered loss or damage.

The cost to repair or restore will not exceed the value the pair or set had prior to the loss.

If a covered loss to "fine arts" involves a pair or set and part of the pair or set is undamaged:

- (1) You may surrender the undamaged part of the pair or set to us, and the covered loss will be valued on the basis of a total loss to the entire pair or set; or

- (2) You may keep the undamaged part of the pair or set, and the covered loss will be valued on the basis of a partial loss to the entire pair or set.

You must take all reasonable steps to protect covered property at and after an insured loss to avoid further loss.

The most we will pay for loss or damage under this Coverage Extension at each described premises is the Limit of Insurance shown in the Schedule.

**n. Property in the Custody of Sales Representatives**

You may extend the insurance provided by this policy to apply to your covered Business Personal Property in the care, custody or control of a sales representative and not located within 1,000 feet of the premises described in the Declarations.

The most we will pay for loss or damage under this Coverage Extension is the Limit of Insurance shown in the Schedule.

**o. Portable Tools**

We cover your portable tools and equipment and those of your employees. This includes their containers, spare parts and accessories. We also cover similar property that belongs to others and for which you are liable. Coverage is provided while tools are on or off premises.

We do not cover:

- (1) Property that is held for sale.
- (2) Property that you rent to others.
- (3) Building materials or other materials and supplies.
- (4) Plans, blueprints, designs or specifications.

We will pay in any one occurrence for loss or damage to portable tools, the Maximum Limit of Insurance shown in the Schedule, subject to the separate Maximum Limit of Insurance applicable to you or any employee. Coverage is provided on an Actual Cash Value basis.

The limit provided is the only limit available for the described coverage and cannot be combined or added to any other coverage extension under this endorsement.

**p. Lock And Key Replacement**

We will pay to re-key, repair or replace locks when there has been direct physical loss or damage to the corresponding "keys" by a Covered Cause of Loss.

This coverage does not apply to:

- (1) Keys to motor vehicles, trailers or any motorized land conveyances whether or not subject to motor vehicle registration.
- (2) Direct physical loss or damage to keys entrusted to any person who is not an "insured".
- (3) Wear and tear.

"Keys" means master key, grand master key or key-card.

We will pay for direct physical loss or damage to alternative locking systems including card programmers, card readers, computers, related alarms, trans-receivers, power supplies, and electronic or mechanical apparatus required to make such locking systems operate. We will also pay for reprogramming such locking systems as a result of a Covered Cause of Loss.

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

Paragraph **D. Deductibles** does not apply to this Coverage Extension.

#### **q. Electronic Data Processing Equipment And Software**

You may extend the insurance that applies to Your Business Personal Property to apply to your electronic data processing "equipment" and "software".

We cover direct physical loss or damage caused by a Covered Cause Of Loss to the following property:

- (1) "Hardware".
- (2) "Software".

We cover the cost of research or other expenses necessary to reproduce, replace, or restore lost files or codes on lost or damaged "data records" only if the cost of research or other expenses necessary to reproduce, replace, or restore lost files or codes are incurred due to a direct physical loss caused by a Covered Cause Of Loss to "data records".

- (3) "Telecommunications equipment".
- (4) "Reproduction equipment".

#### **Electrical and Power Supply Disturbance**

We cover direct physical loss to covered property caused by "electrical disturbance", or "power supply disturbance".

#### **Mechanical Breakdown Coverage**

We pay for loss to covered property caused by "mechanical breakdown".

#### **Foreign Transit And Location Coverage**

We cover direct physical loss to your "portable computers" including preinstalled "programs and applications" while temporarily at a foreign location or in transit to or from a temporary foreign location outside the coverage territory.

We do not cover your "portable computers" or preinstalled "programs and applications" that are:

- (1) Shipped via mail;
- (2) You are required to provide a negotiable ocean cargo policy or certificate to any seller, buyer, or bank; or
- (3) The property is shipped to or is located in a country that is the subject of a trade embargo, economic sanctions, or other trade restrictions by the government of the United States of America.

The most we pay for loss to portable computers described above in any one occurrence while overseas is \$5,000. This limit is separate from, and not part of, the Electronic Data Processing Equipment And Software Coverage Extension limit.

#### **Valuation**

- (1) The value of "hardware" that is replaced will be based on the cost of replacing the "hardware" with new equipment that is functionally comparable to the "hardware" that is being replaced. The value of "hardware" that is not repaired or replaced will be based on the actual cash value at the time of the loss (with a deduction for depreciation). In no event will we pay more than the reasonable cost of restoring partially damaged "hardware" to its condition directly prior to the damage.
- (2) The value of "programs and applications" will be based on the cost to reinstall the "programs or applications" from the licensed discs that were originally used to install the "programs or applications". If the original licensed discs are lost, damaged, or can no longer be obtained, the value of "programs and applications" will be based on the cost of the most current version of the "programs or applications".

- (3) The value of "data records" will be based on the cost of reproduction from duplicate copies. The cost of reproduction includes, but is not limited to, the cost of labor to copy or transcribe from duplicate copies. If duplicate copies do not exist, the value of "data records" will be based on the cost of research or other expenses necessary to reproduce, replace or restore lost files, documents, or records.
- (4) The value of "media" will be based on the cost to repair or replace the "media" with material of the same kind or quality.
- (5) The value of "telecommunications equipment" and "reproduction equipment" will be based on the replacement cost without any deduction for depreciation.

The following Definitions apply to Electronic Data Processing Equipment and Software Coverage in addition to the Building and Personal Property Coverage form, Condominium Association Coverage Form and Condominium Commercial Unit Owners Coverage Form definitions.

- (1) "Computer hacking" means an unauthorized intrusion:
  - (a) By an individual or group of individuals, whether employed by you or not, into "hardware", "software", or a computer network; and
  - (b) That results in but is not limited to:
    - (i) Deletion, destruction, generation, or modification of "software";
    - (ii) Alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of "software";
    - (iii) Observation, scanning, or copying of "data records", "programs and applications", and proprietary programs;
    - (iv) Damage, destruction, inadequacy, malfunction, degradation, or corruption of any "hardware", Web site server, or "media" used with "hardware" or Web site server, or
    - (v) Denial of access to or denial of services from your "hardware", Web site server or your computer network.

- (2) "Computer virus" means the introduction of any malicious, self-replicating electronic data processing code or other code:
  - (a) Into "hardware", "software", or Web site server, and
  - (b) That is intended to result in, but is not limited to:
    - (i) Deletion, destruction, generation, or modification of "software",
    - (ii) Alteration, contamination, corruption, degradation or destruction of the integrity, quality or performance of "software",
    - (iii) Damage, destruction, inadequacy, malfunction, degradation or corruption of any "hardware", Web site server, or "media" used with "hardware" or Web site server; or
    - (iv) Denial of access to or denial of services from your "hardware", Web site server or your computer network.
- (3) "Data records", means files, documents and information in an electronic format and that are stored on "media".
- (4) "Electrical disturbance" means electrical or magnetic damage, disturbance of electronic recordings, or erasure of electronic recordings.
- (5) "Hardware" means a network of electronic machine components (microprocessors) capable of accepting instructions and information, processing the information according to the instructions, and producing desired results.
  - (a) "Hardware" includes but is not limited to:
    - (i) Personal computers and work stations;
    - (ii) Laptops, palmtops, notebook PCs, other portable computer devices and accessories including, but not limited to, multimedia projectors; and
    - (iii) Peripheral data processing equipment, including but not limited to, printers, keyboards, monitors, and modems.

- (b) "Hardware" does not include:
- (i) "Software",
  - (ii) "Telecommunications equipment"; and
  - (iii) "Reproduction equipment".
- (6) "Mechanical breakdown" means the malfunction or failure of moving or electronic parts, component failure, faulty installation or blowout.
- (7) "Media" means processing, recording, or storage media used with "hardware". This includes but is not limited to films, tapes, cards, discs, drums, cartridges, or cells.
- (8) "Portable computers" means laptops, palmtops, notebook PCs, other portable computer devices and accessories including but not limited to, multimedia projectors.
- (9) "Power supply disturbance" means interruption of power supply, power surge, blackout or brownout.
- (10) "Programs and applications" means operating programs and applications that you purchase and that are:
- (i) Stored on "media"; or
  - (ii) Pre-installed and stored in "hardware".
- (11) "Reproduction equipment" means a network of equipment and software designed for the scanning, copying, storage and retrieval of paper documents.
- (12) "Software" means "media", "data records", "programs and applications". "Software" does not mean Web site software.
- (13) "Telecommunications equipment" means telephone components and equipment used for the transmission of communications.
- "Telecommunications equipment" includes but is not limited to:
- (a) Telephone switchgear (including PBX systems);
  - (b) Telephone operating programs, related software;
  - (c) Facsimile transmission equipment;
  - (d) Video conferencing equipment; and
  - (e) Other related hardware (including computers dedicated to voice mail).

We do not pay for loss or damage that is caused by or results from any direct or indirect loss or damage; or loss of access, loss of use, or loss of functionality caused by a "computer virus" or by "computer hacking".

The most we will pay for loss or damage under this Coverage Extension at each described premises is the Limit of Insurance shown in the Schedule.

**r. Increase In Rebuilding Expenses Following Disaster**

We will pay for increased expenses actually incurred from a covered cause of loss to a covered building if all of the following conditions are met.

- (1) The event that caused the covered loss:
  - (a) Results in declaration of a state of disaster by federal or state authorities; or
  - (b) Occurs in close temporal proximity to the event that results in the declaration of disaster by federal or state authorities;
- (2) Expenses for labor and/or building materials for repair or replacement of the damaged property increase as a result of the disaster and the total cost of repair or replacement exceeds the applicable Limit of Insurance due to such increase in expenses.
- (3) You elect to repair or replace the damaged building; and
- (4) You notified us, within 30 days of completion, of any improvements, alterations or additions to the building which increase the replacement cost of the building by 5% or more and allowed us to adjust the Limit of Insurance, if necessary, to maintain the required insurance-to-value.

The Additional Expense Coverage available for the extra expense of repair or replacement of a covered building is determined as follows:

- (1) Apply the percentage indicated in the Schedule to:
  - (a) The Limit Of Insurance shown in the Declarations as applicable to the building when such limit covers only that building (exclusive of contents); or
  - (b) The value of the building when insurance is written on a blanket basis.

However, if the building is subject to a lower Limit of Insurance (sub-limit) for the Covered Cause of Loss that caused the loss, then the applicable percentage indicated in the Schedule will be applied to that sub-limit.

When payments reach the maximum amount of Additional Expense Coverage, such coverage will not apply to a subsequent event which occurs in the same annual policy term.

In determining the expenses payable, we will deduct any expenses recovered under the Business Income and/or Extra Expense Additional Coverages

**s. 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 vehicles 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.

The most we will pay for loss or damage under this Coverage Extension is the Limit of Insurance shown in the Schedule.

**t. Spoilage**

We will pay for direct loss or damage to "perishable stock" at the described premises, if the "perishable stock" is:

- (1) Owned by you and used in your business; or
- (2) Owned by others and in your care, custody or control.

"Perishable Stock" means property:

- (1) Maintained under controlled temperature or humidity conditions for preservation; and
- (2) Susceptible to loss or damage if the controlled temperature or humidity conditions change.

We will not cover property located:

- (1) On buildings;
- (2) In the open; or
- (3) In vehicles.

We will pay for loss or damage to "perishable stock" caused by "breakdown or contamination" or "power outage".

Breakdown or Contamination, meaning:

- (1) Change in temperature or humidity resulting from mechanical breakdown or mechanical failure of refrigerating, cooling or humidity control apparatus or equipment, only while such apparatus or equipment is at the described premises; or
- (2) Contamination by a refrigerant, only while the refrigerating apparatus or equipment is at the described premises.

Mechanical breakdown and mechanical failure do not mean power interruption, regardless of how or where the interruption is caused and whether or not the interruption is complete or partial.

Power Outage, meaning change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off the described premises, due to conditions beyond your control.

We will determine the value of Covered Property as follows:

- (1) For "perishable stock" you have sold but not delivered, at the selling price less discounts and expenses you otherwise would have had;
- (2) For other "perishable stock", at actual cash value.

We will not pay for loss or damage caused by or resulting from:

- (1) The disconnection of any refrigerating, cooling or humidity control system from the source of power.



- (2) The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current.
- (3) The inability of an electrical utility company or other power source to provide sufficient power due to:
  - (a) Lack of fuel; or
  - (b) Governmental order.
- (4) The inability of a power source at the described premises to provide sufficient power due to lack of generating capacity to meet demand.
- (5) Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

The most we will pay for loss or damage under this Coverage Extension at each described premises is the Limit of Insurance shown in the Schedule.

Paragraph **D. Deductibles** does not apply to this Coverage Extension.

**u. Water Back Up, Sump Pump Overflow**

- (1) We will pay for direct physical loss or damage, not caused by your negligence, to covered Building and Business Personal Property caused by or resulting from:
  - (a) Water or waterborne material which backs up through or overflows from a sewer or drain; or
  - (b) Water or waterborne material which overflows or is otherwise discharged from a sump, sump pump or related equipment even if the overflow or discharge results from mechanical breakdown of a sump pump, or its related equipment.

The term drain includes a roof drain and related fixtures.

- (2) We will not pay for direct loss or damage caused by:
  - (a) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether driven by wind (including storm surge);
  - (b) Mudslide or mudflow; or
  - (c) Water under the ground surface pressing on, or flowing or seeping through:
    - i. Foundations, walls, floors or paved surfaces;

- ii. Basements, whether paved or not;
- iii. Doors, windows or other openings; or
- (d) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph a. or c., or material carried or otherwise moved by mudslide or mudflow.

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

We will pay for business income loss and extra expense in accordance with the terms of the coverage applicable to such premises under your policy, when such loss or expense arises out of the direct physical loss or damage described in paragraph u.(1).

The most we will pay under this Coverage Extension for the total of all direct loss or damage and business income and/or extra expense occurring during the policy term is the Limit of Insurance shown in the Schedule. This limit does not apply separately to each location.

The most we will pay for the total of all direct physical loss or damage sustained and business income and/or extra expense caused by all occurrences in a 12 – month period (starting with the beginning of the present annual policy period), regardless of the number of occurrences during that period of time, is the Policy Limit Of Insurance described in the Schedule.

Paragraph **D. Deductibles** applies to this Coverage Extension.

**D. Under Paragraph B. Exclusions, Paragraph 1.e. Utility Services is deleted and replaced by:**

**e. Utility Services**

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

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

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

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

But if failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss. This exclusion does not apply to loss or damage to "computer(s)" and "electrical data" including destruction or corruption of "electronic data". We will also pay for loss or damage resulting from direct physical loss or damage by a covered cause of loss to "water supply property", "communication supply property", or "power supply property", other than overhead transmission, sub-transmission or communication lines, not on the described premises.

We will only pay for loss of Business Income and/or Extra Expense at the described premises immediately after the interruption of service caused to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the "water supply property", "wastewater removal property", "communication supply property" or "power supply property", other than overhead transmission, sub-transmission or communication lines, not on the described premises.

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

For purposes of this provision:

- (1) "Water Supply Property" meaning the following types of property supplying water to the described premises:
  - (a) Pumping stations; and
  - (b) Water mains.
- (2) "Wastewater Removal Property" meaning a utility system for removing wastewater and sewage from the described premises, other than a system designed primarily for draining storm water. The utility property includes sewer mains, pumping stations and similar equipment for moving the effluent to a holding, treatment or disposal facility, and includes such facilities.

Coverage does not apply to interruption in service caused by or resulting from a discharge of water or sewage due to heavy rainfall or flooding.

- (3) "Communication Supply Property" meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:

- (a) Communication transmission lines, including fiber optic transmission lines;
- (b) Coaxial cables; and
- (c) Microwave radio relays except satellites.

- (4) "Power Supply Property" 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.

Transmission lines includes all lines which serve to transmit communication service or power, including lines which may be identified as distribution lines.

The insurance provided by this coverage does not increase Paragraph C. **Limits Of Insurance.**

- E. Under Paragraph C. **Limits Of Insurance, Paragraph 5.a. Business Personal Property Limit – Seasonal Increase** is deleted and replaced by:

**5. Business Personal Property Limit – Seasonal Increase**

- a. Subject to Paragraph 5.b., the Limit of Insurance for Business Personal Property will automatically increase by the percentage shown in the Schedule to provide for seasonal variations.

This section does not apply to property covered on a blanket basis.

**F. Definitions**

The following are added to Paragraph H. Property Definitions and apply to Paragraph ff. Business Crime.

**15. "Employee"**

- a. "Employee" means:

- (1) Any natural person:

- (a) While in your service or for 30 days after termination of service;
- (b) Who you compensate directly by salary, wages or commissions; and

- (c) Who you have the right to direct and control while performing services for you;
  - (2) Any natural person who is furnished temporarily to you:
    - (a) To substitute for a permanent "employee", as defined in Paragraph (1), who is on leave; or
    - (b) To meet seasonal or short-term work load conditions;
 

while that person is subject to your direction and control and performing services for you. However, **Coverage 1 - Computer Fraud and Funds Transfer Fraud** excludes any such person while having care and custody of property outside the premises.
  - (3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph (2) above;
  - (4) Any natural person who is:
    - (a) A trustee, officer, employee, administrator or manager, except an administrator or manager who is an independent contractor, of any "employee benefit plan(s)" insured under this policy;
    - (b) **Under Coverage 1 – Computer Fraud and Funds Transfer Fraud** Your director or trustee while that person is handling "funds" or "other property" of any "employee benefit plan(s)" insured under this policy; and
    - (c) **Under Coverage 5 – Employee Theft** Your director or trustee while that person is handling "money", "securities" or "other property" of any "employee benefit plan(s)" insured under this policy;
  - (5) Any natural person who is a former "employee", director, partner, "member", "manager", representative or trustee retained as a consultant while performing services for you; or
  - (6) Any natural person who is:
    - (a) A guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside any building you occupy in conducting your business; or
    - (b) Under **Coverage 1 – Computer Fraud and Funds Transfer Fraud** A guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the premises.
- b. "Employee" does not mean:
- (1) Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; and
  - (2) Under **Coverage 1 – Computer Fraud and Funds Transfer Fraud** Any "manager", director or trustee except while performing acts coming within the scope of the usual duties of an "employee".
16. "Fraudulent instruction" means:  
Under Paragraph **ff. Business Crime, Coverage 1 – Computer Fraud and Funds Transfer Fraud**:
- a. An electronic, telegraphic, cable, teletype, telefacsimile or telephone instruction which purports to have been transmitted by you, but which was in fact fraudulently transmitted by someone else without your knowledge or consent;
  - b. A written instruction (other than those described in Paragraph **A.5.k.**) issued by you, which was forged or altered by someone other than you without your knowledge or consent or which purports to have been issued by you, but was in fact fraudulently issued without your knowledge or consent; or
  - c. An electronic, telegraphic, cable, teletype, telefacsimile, telephone or written instruction initially received by you which purports to have been transmitted by an "employee" but which was in fact fraudulently transmitted by someone else without your or the "employee's" knowledge or consent.
17. "Other property" means:  
Under Paragraph **ff. Business Crime, Coverage 1 – Computer Fraud and Funds Transfer Fraud**:  
Any tangible property other than "money" and "securities" that has intrinsic value but does not include any property excluded under this policy.

18. "Transfer account" means:

Under Paragraph ff. **Business Crime, Coverage 1 – Computer Fraud and Funds Transfer Fraud:**

An account maintained by you at a financial institution from which you can initiate the transfer, payment or delivery of "money" and "securities":

- a. By means of electronic, telegraphic, cable, teletype, telefacsimile or telephone instructions communicated directly through an electronic funds transfer system; or
- b. By means of written instructions (other than those described in Paragraph A.5.k.) establishing the conditions under which such transfers are to be initiated by such financial institution through an electronic funds transfer system.

19. "Identity Theft" means:

Under Paragraph ff. **Business Crime, Coverage 2 – Identity Theft Exposure:**

The act of knowingly transferring or using without lawful authority, a means of identification of any officer or director (or spouse thereof) of the Named Insured with the intent to commit, or to aid or abet another to commit any unlawful activity that constitutes a violation of federal law or a felony under any applicable state or local law.

20. "Identity theft expense" means:

Under Paragraph ff. **Business Crime, Coverage 2 – Identity Theft Expense:**

- a. Costs for notarizing fraud affidavits or similar documents for financial institutions or similar credit grantors or credit agencies that have requested that such affidavits be notarized.
- b. Costs for certified mail to law enforcement agencies, credit agencies, financial institutions or similar credit grantors.
- c. Loan application fees for re-applying for a loan or loans when the original application is rejected solely because the lender received incorrect credit information due to "identity theft".

21. "Domestic partner" means:

Under Paragraph ff. **Business Crime Coverage 3 – Kidnap Expense:**

Any person who qualifies as a "domestic partner" under the provisions of any federal, state or local statute or regulation, or under the terms and provisions of any employee benefit or other program established by the named insured.

22. "Occurrence" means:

a. Under **Additional Coverage 5.k. Forgery or Alteration:**

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

committed by a person acting alone or in collusion with other persons, involving one or more instruments, during the Policy Period shown in the Declarations.

b. Under Paragraph ff. **Business Crime Coverage 1 – Computer Fraud and Funds Transfer Fraud, Coverage 4 – Money and Securities, and Additional Coverage 5.j. Money Orders and Counterfeit Money;**

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

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations.

c. Under Paragraph ff. **Business Crime Coverage 5 – Employee Dishonesty:**

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

committed by an "employee" acting alone or in collusion with other persons, during the Policy Period shown in the Declarations.

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

## **KENTUCKY CHANGES**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS COVERAGE FORM**

#### **A. Section I – Property is amended as follows:**

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

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

- (1) By or at the direction of any insured; and
- (2) With the intent to cause a loss.

b. However, this exclusion will not apply to deny coverage to an innocent co-insured who did not cooperate in or contribute to the creation of the loss, provided the loss is otherwise covered under this Policy and:

- (1) The loss arose out of a pattern of domestic violence and abuse; and
- (2) The perpetrator of the loss is criminally prosecuted for the act causing the loss.

c. If we pay a claim pursuant to Paragraph 1.b., our payment to the innocent co-insured is limited to that insured's ownership interest in the property less any payments we first made to a mortgagee or other party with a legal secured interest in the property. In no event will we pay more than the Limit of Insurance.

#### **B. Section III – Common Policy Conditions is amended as follows:**

**1. Paragraph A. Cancellation is amended as follows:**

a. Paragraph 2. is replaced by the following:

**2. Cancellation Of Policies In Effect For 60 Days Or Less**

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

#### **b. The following paragraph is added:**

**7. Cancellation Of Policies In Effect For More Than 60 Days**

a. If this policy has been in effect for more than 60 days or is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

- (1) Nonpayment of premium;
- (2) Discovery of fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy, or in presenting a claim under the policy;
- (3) Discovery of willful or reckless acts or omissions on your part which increase any hazard insured against;
- (4) The occurrence of a change in the risk which substantially increases any hazard insured against after insurance coverage has been issued or renewed;
- (5) A violation of any local fire, health, safety, building, or construction regulation or ordinance with respect to any insured property or the occupancy thereof which substantially increases any hazard insured against;
- (6) We are unable to reinsure the risk covered by the policy; or
- (7) A determination by the commissioner that the continuation of the policy would place us in violation of the Kentucky insurance code or regulations of the commissioner.

b. If we cancel this policy based on Paragraph 7.a. above, we will mail or deliver a written notice of cancellation to the first Named Insured, stating the reason for cancellation, at least:

- (1) 14 days before the effective date of the cancellation, if cancellation is for nonpayment of premium; or
- (2) 75 days before the effective date of the cancellation, if cancellation is for any reason stated in 7.a.(2) through 7.a.(7) above.

2. The following is added to Paragraph K. **Transfer Of Rights Of Recovery Against Others To Us:**

If we pay an innocent co-insured for a loss described in Paragraph A.1.b., the rights of the innocent co-insured to recover damages from the perpetrator are transferred to us to the extent of our payment. Following the loss, the innocent co-insured may not waive such rights to recover against the perpetrator of the domestic violence.

3. The following paragraph is added and supercedes any provision to the contrary:

**M. Nonrenewal**

1. For the purpose of this Condition:
  - a. Any policy period or term of less than 6 months shall be considered to be a policy period or term of six months; and
  - b. Any policy period or term of more than 1 year or any policy with no fixed expiration date shall be considered a policy period or term of 1 year.

2. If we elect not to renew this policy, we will mail or deliver written notice of nonrenewal, stating the reason for nonrenewal, to the first Named Insured shown in the Declarations, at the last mailing address known to us, at least 75 days before the expiration date of the policy period.

3. If notice of nonrenewal is not provided pursuant to this Condition, coverage under the same terms and conditions shall be deemed to be renewed for the ensuing policy period upon payment of the appropriate premium until you have accepted replacement coverage with another insurer, or until you have agreed to the nonrenewal.

4. If we mail or deliver a renewal notice to the first Named Insured at least 30 days before the end of the policy period, stating the renewal premium and its due date, the policy will terminate without further notice unless the renewal premium is received by us or our authorized agent by the due date.

5. If this policy terminates because the renewal premium has not been received by the due date, we will, within 15 days, mail or deliver to the first Named Insured at his last known address a notice that the policy was not renewed and the date it was terminated.

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

**Business Auto Coverage Declarations**

**Customer Number:** 1000280809  
**Policy Number:** A875003 01

**Policy Period:** 01/20/2022 to 01/20/2023  
at 12:01 AM Standard Time at Your Mailing Address Shown Below

**Named Insured and Address:**  
Middletown Villa Condominium Council of Co-Owners, Inc  
PO Box 99115  
Louisville, KY 40269

**Agency Name and Address:** 16032  
ARTHUR J GALLAGHER RMS INC  
1601 ALLIANT AVE  
LOUISVILLE, KY 40299  
502-415-7000

**Form of Business:**  
Corporation

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

**ITEM TWO: Schedule Of Coverages And Covered Autos**

This policy provides only those coverages where a charge is shown in the premium column below. Each of these coverages will apply only to those "autos" shown as covered "autos". "Autos" are shown as covered "autos" for a particular coverage by the entry of one or more of the symbols from the Covered Autos Section of the Business Auto Coverage Form next to the name of the coverage.

Coverages	Covered Autos	Limit (the most we will pay for any one "Accident" or "Loss")	Premium
Covered Autos Liability	8, 9	\$1,000,000 Each Accident	\$134

Total Commercial Auto Premium: \$134

See attached Forms Schedule for forms and endorsements applicable to this coverage.

**Business Auto Hired or Borrowed Schedule**

**Customer Number:** 1000280809  
**Policy Number:** A875003 01

**Policy Period:** 01/20/2022 to 01/20/2023  
 at 12:01 AM Standard Time at Your Mailing Address Shown Below

**Named Insured and Address:**  
 Middletown Villa Condominium Council of Co-Owners, Inc  
 PO Box 99115  
 Louisville, KY 40269

**Agency Name and Address:** 16032  
 ARTHUR J GALLAGHER RMS INC  
 1601 ALLIANT AVE  
 LOUISVILLE, KY 40299  
 502-415-7000

**ITEM FOUR: Schedule Of Hired Or Borrowed Covered Auto Coverage And Premiums**

"Autos" NOT Used In Your Motor Carrier Operations

State	Covered Autos Liability Coverage – Cost Of Hire Rating Basis		Auto Medical Payments Premium	Uninsured Motorists Premium	Underinsured Motorists Premium
	Estimated Annual Cost Of Hire For Each State	Premium			
KY	If Any	\$30			

Total Hired Auto Premium: \$30

For "autos" NOT used in your motor carrier operations, cost of hire means the total amount you incur for the hire of "autos" you don't own (not including "autos" you borrow or rent from your partners or "employees" or their family members). Cost of hire does not include charges for services performed by motor carriers of property or passengers.



**Business Auto Non-Owned Auto Schedule**

**Customer Number:** 1000280809  
**Policy Number:** A875003 01

**Policy Period:** 01/20/2022 to 01/20/2023  
at 12:01 AM Standard Time at Your Mailing Address Shown Below

**Named Insured and Address:**  
Middletown Villa Condominium Council of Co-Owners, Inc  
PO Box 99115  
Louisville, KY 40269

**Agency Name and Address:** 16032  
ARTHUR J GALLAGHER RMS INC  
1601 ALLIANT AVE  
LOUISVILLE, KY 40299  
502-415-7000

**ITEM FIVE: Schedule For Non-ownership Covered Autos Liability**

Named Insured's Business	Covered Autos Liability Coverage Rating Basis	Estimated Number	Premium
Other Than Garage Service Operations Other Than Social Service Agencies	Number Of Employees	5	\$104
	Number Of Partners (Active and Inactive)		

Total Non-ownership Covered Autos Premium: \$104

**Business Auto Forms Schedule**

**Customer Number:** 1000280809  
**Policy Number:** A875003 01

**Policy Period:** 01/20/2022 to 01/20/2023  
at 12:01 AM Standard Time at Your Mailing Address Shown Below

**Named Insured and Address:**  
Middletown Villa Condominium Council of Co-Owners, Inc  
PO Box 99115  
Louisville, KY 40269

**Agency Name and Address:** 16032  
ARTHUR J GALLAGHER RMS INC  
1601 ALLIANT AVE  
LOUISVILLE, KY 40299  
502-415-7000

**Forms Schedule**

Number	Edition	Description
CA0001	1013	BUSINESS AUTO COVERAGE FORM
CA2054	1013	EMPLOYEE HIRED AUTOS (DOES NOT APPLY TO VIRGINIA)
CA2301	1013	EXPLOSIVES
CA2345	1116	PUBLIC OR LIVERY PASSENGER CONVEYANCE AND ON-DEMAND DELIVERY SERVICES EXCLUSION (DOES NOT APPLY TO KANSAS, MICHIGAN, OR VIRGINIA)
CA0125	1013	KENTUCKY CHANGES