

**NOTICE**

This insurance policy is delivered as surplus lines coverage under the Louisiana Insurance Code.

In the event of insolvency of the company issuing this contract, the policyholder or claimant is not covered by the Louisiana Insurance Guaranty Association which guarantees only specific types of policies issued by insurance companies authorized to do business in Louisiana.

This surplus lines policy has been procured by the following licensed Louisiana surplus lines broker:



\_\_\_\_\_  
Signature of Licensed Louisiana Surplus Lines Broker or Authorized Representative

Bradford L. Baxley

\_\_\_\_\_  
Printed Name of Licensed Louisiana Surplus Lines Broker

**This Declaration Page is attached to and forms part of Certificate provisions.**

Previous Account No. 220834

Account No. 272914

Certain Underwriters at Lloyd's, London  
 Indian Harbor Insurance Company  
 QBE Specialty Insurance Company  
 Steadfast Insurance Company  
 General Security Indemnity Company of Arizona  
 United Specialty Insurance Company  
 Lexington Insurance Company  
 Princeton Excess and Surplus Lines Insurance Company  
 International Insurance Company of Hannover, PLC

Certificate No. AMR-37177  
 Policy No. AMP7521258-01  
 Policy No. MSP-14862-01  
 Policy No. CPP5713978-01  
 Policy No. 10T029659-00265-14  
 Policy No. USI-10260-00  
 Policy No. LEX-012076185-00  
 Policy No. 7DA3CM0000256-00  
 Policy No. HAN-10257-00

Name and address of the Insured  
St. John the Baptist Parish Council  
1801 West Airline Hwy.  
La Place, LA 70068

Producer  
Swett & Crawford  
32 Old Slip, 5th Floor  
New York, NY 10005

Effective From 04/23/2014 to 04/15/2015 ;

Both days at 12:01 a.m. standard time at the Insured's mailing address.

Insurance is effective with: Insurer(s) as stated on Form AR CA - Contract Allocation Endorsement

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

**COMMERCIAL PROPERTY COVERAGE PART**

**Premium**

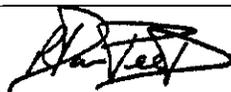
Certain Underwriters at Lloyd's, London One Lime Street, London EC3M 7HA c/o Thompson Heath and Bond Limited, 107 Leadenhall Street, London EC3A 4AF	Property TRIA	\$ <u>82,972</u> \$ <u>0</u>
Indian Harbor Insurance Company 505 Eagleview Blvd., Ste. 100; Dept: Regulatory Exton, PA 19341-1120	Property TRIA	\$ <u>15,676</u> \$ <u>0</u>
QBE Specialty Insurance Company 88 Pine Street, 16th Floor, Wall Street Plaza New York, NY 10005	Property TRIA	\$ <u>71,257</u> \$ <u>0</u>
Steadfast Insurance Company 1400 American Lane Schaumburg, IL 60196	Property TRIA	\$ <u>57,005</u> \$ <u>0</u>
General Security Indemnity Company of Arizona One Seaport Plaza, 199 Water Street New York, NY 10038-3526	Property TRIA	\$ <u>19,952</u> \$ <u>0</u>
United Specialty Insurance Company 1900 L. Don Dodson Drive Bedford, TX 76021	Property TRIA	\$ <u>19,952</u> \$ <u>0</u>
Lexington Insurance Company 100 Summer Street Boston, MA 02110	Property TRIA	\$ <u>19,952</u> \$ <u>0</u>
Princeton Excess and Surplus Lines Insurance Company 555 College Road East Princeton, NJ 08543	Property TRIA	\$ <u>7,126</u> \$ <u>0</u>
International Insurance Company of Hannover, PLC 10 Fenchurch Street, London EC3M 3BE	Property TRIA	\$ <u>5,701</u> \$ <u>0</u>
Inspection Fee		\$ <u>0</u>
<b>Total</b>		\$ <u>299,593</u>

**\$ 1,000.00 Broker Fee**  
**\$15,028.65 State Tax - La**

Minimum Earned Premium = \$ 104,857

Dated 05/16/14

by



Correspondent and/or Program Manager for the Company(ies)  
 AmRisk, LP, 20405 SH 249, Suite 430, Houston, TX 77070

State stamp if applicable  
 CERTCO 03 14

The Correspondent and/or Program Manager is not an Insurer hereunder and neither is nor shall be liable for any loss or claim whatsoever.

# SCHEDULE OF FORMS AND ENDORSEMENTS

Account No. 272914	NAMED INSURED St. John the Baptist Parish Council
-----------------------	------------------------------------------------------

## Forms and Endorsements

CHANGE END PAGE	ENDORSEMENT PAGE
AR CA 03 14	CONTRACT ALLOCATION ENDORSEMENT
AR COMPASS 11 10	COMPASS FORM Complete
AR EB 11 10	COMPASS AR EB
LLOYDS SOS 03 14	LLOYDS OF LONDON AMENDATORY ENDT
XL SOP 11 12	INDIAN HARBOR AMENDATORY ENDT
PN CW 01 0613	INDIAN HARBOR FRAUD NOTICE
QBE SOS 11 10	QBE AMENDATORY ENDT
STF-CL-111-A CW 11.08	SF SERVICE OF SUIT
U-GU-873-A CW 6.11	ZURICH DISCLOSURE STATEMENT
U-GU-874-A CW 6.11	ZURICH DISCLOSURE NOTICE
U-GU-1941-A 3.11	US TREASURY OFAC REGULATIONS
VRS COS SCS 03 14	VARIOUS COMPANIES SERVICE OF SUIT CLAUSES ENDT
LSN1657A 01.01.10-LA SLN 11.13	LOUISIANA NOTICES
AR TRIA EXCL 11 10	TRIA Exclusion

## Additional Miscellaneous Forms

(The Attaching Clause needs to be completed only when this endorsement is issued subsequent to preparation of the policy.)

### ENDORSEMENT 1

This endorsement, effective on 04/23/2014, at 12:01 A.M. standard time, forms a part of:

Account No. 272914

Certain Underwriters at Lloyds, London Certificate No.	<u>AMR-37177</u>
Indian Harbor Insurance Company Policy No.	<u>AMP7521258-01</u>
QBE Specialty Insurance Company Policy No.	<u>MSP-14862-01</u>
Steadfast Insurance Company Policy No.	<u>CPP5713978-01</u>
General Security Indemnity Company of Arizona Policy No.	<u>10T029659-00265-14</u>
United Specialty Insurance Company Policy No.	<u>USI-10260-00</u>
Lexington Insurance Company	<u>LEX-012076185-00</u>
Princeton Excess and Surplus Lines Insurance Company	<u>7DA3CM0000256-00</u>
International Insurance Company of Hannover, PLC	<u>HAN-10257-00</u>

Issued to: St. John the Baptist Parish Council

By: See Contract Allocation Endorsement AR CA



Authorized Representative

1. Coverage explicitly excludes all flooding, including but not limited to flooding during windstorm events.
2. Coverage excludes all damage directly or indirectly caused by any Named Storm in existence upon AmRisc receipt of written request to bind.
3. All Buildings with outstanding damage are excluded. Contact Underwriter if waiver needed.
4. Any additional premium or return premium under \$500 shall be waived.

# CONTRACT ALLOCATION ENDORSEMENT

Effective Date: 4/23/2014

This insurance is effected with certain insurance underwriters (hereinafter called the "Underwriters"). The following words shall be deemed to be synonymous: "Underwriters", "Insurers" and "Company".

The liability of each Underwriter on this contract with the Insured is limited to the participation amount shown in the schedule below. The liability of each separate contract listed and for each Underwriter represented thereby for any loss or losses or amounts payable is several as to each and shall not exceed its participation percentage shown below and there is no joint liability of any Underwriters pursuant to this contract. An Underwriter shall not have its liability hereunder increased or decreased by reason of failure or delay of another Underwriter, its successors, assigns, or legal representatives. Any loss otherwise payable under the provisions of the attached policy that exceeds the allocation of "Risk" as defined herein shall be borne proportionately by the contracts as to their limit of liability at the time and place of the loss bears to the total allocated limits herein.

This contract shall be constructed as a separate contract between the Insured and each of the Underwriters. This evidence of coverage consists of separate sections of a composite insurance for all Underwriter's at Lloyd's combined and separate policies issued by the insurance company(ies), all as identified below. This evidence of coverage does not constitute in any manner or form a joint certificate of coverage by Underwriter's at Lloyd's with any other insurance company(ies).

In witness whereof, the following Underwriters execute and attest these presents, and subscribe for the amount of insurance provided.

The security is as noted below.

LAYER OF PARTICIPATION	PERILS (AS PER POLICY)	CONTRACT #	COMPANY CODE	POLICY # / CERTIFICATE #	PARTICIPATION	rate
\$20,000 excess of Deductibles	AR EXCL NW	B123014AMR780	Lloyds	AMR-37177	\$20,000 100.0000%	\$0.018
\$50,000,000 excess of Deductibles	EBD	B066413AMR1088	Lloyds	AMR-37177	\$50,000,000 100.0000%	\$0.000
\$58,542,606 excess of \$20,000 Deductibles	AR EXCL NW	GSI14	GSI	10T029659-00265-14	\$4,097,982 7.0000%	\$0.085
\$58,562,606 excess of Deductibles	NW	GSI14	GSI	10T029659-00265-14	\$4,099,382 7.0000%	\$0.401
\$58,542,606 excess of \$20,000 Deductibles	AR EXCL NW	PES14	Peslic	7DA3CM0000256-00	\$1,463,565 2.5000%	\$0.085
\$58,562,606 excess of Deductibles	NW	PES14	Peslic	7DA3CM0000256-00	\$1,464,065 2.5000%	\$0.401
\$58,542,606 excess of \$20,000 Deductibles	AR EXCL NW	XLA14	IndianH	AMP7521258-01	\$3,219,843 5.5000%	\$0.085
\$58,562,606 excess of Deductibles	NW	XLA14	IndianH	AMP7521258-01	\$3,220,843 5.5000%	\$0.401
\$58,542,606 excess of \$20,000 Deductibles	AR EXCL NW	B123014AMR1037	Lloyds	AMR-37177	\$292,713 0.5000%	\$0.085
\$58,542,606 excess of \$20,000 Deductibles	AR EXCL NW	B123014AMR1042	Lloyds	AMR-37177	\$878,139 1.5000%	\$0.085
\$58,542,606 excess of \$20,000 Deductibles	AR EXCL NW	B123014AMR1139	Lloyds	AMR-37177	\$3,805,269 6.5000%	\$0.085
\$58,542,606 excess of \$20,000 Deductibles	AR EXCL NW	B123014AMR1160	Lloyds	AMR-37177	\$292,713 0.5000%	\$0.085
\$58,542,606 excess of \$20,000 Deductibles	AR EXCL NW	B123014AMR253	Lloyds	AMR-37177	\$5,561,548 9.5000%	\$0.085
\$58,542,606 excess of \$20,000 Deductibles	AR EXCL NW	B123014AMR866	Lloyds	AMR-37177	\$878,139 1.5000%	\$0.085
\$58,542,606 excess of \$20,000 Deductibles	AR EXCL NW	B123014AMR909	Lloyds	AMR-37177	\$2,341,704 4.0000%	\$0.085
\$58,562,606 excess of Deductibles	NW	B123014AMR1037	Lloyds	AMR-37177	\$292,813 0.5000%	\$0.401
\$58,562,606 excess of Deductibles	NW	B123014AMR1042	Lloyds	AMR-37177	\$878,439 1.5000%	\$0.401
\$58,562,606 excess of Deductibles	NW	B123014AMR1139	Lloyds	AMR-37177	\$3,806,569 6.5000%	\$0.401
\$58,562,606 excess of Deductibles	NW	B123014AMR1160	Lloyds	AMR-37177	\$292,813 0.5000%	\$0.401
\$58,562,606 excess of Deductibles	NW	B123014AMR252-A	Lloyds	AMR-37177	\$5,563,448 9.5000%	\$0.401
\$58,562,606 excess of Deductibles	NW	B123014AMR866	Lloyds	AMR-37177	\$878,439 1.5000%	\$0.401
\$58,562,606 excess of Deductibles	NW	B123014AMR909	Lloyds	AMR-37177	\$2,342,504 4.0000%	\$0.401
\$58,542,606 excess of \$20,000 Deductibles	AR EXCL NW	STF14	Steadfast	CPP5713978-01	\$11,708,521 20.0000%	\$0.085
\$58,562,606 excess of Deductibles	NW	STF14	Steadfast	CPP5713978-01	\$11,712,521 20.0000%	\$0.401
\$58,542,606 excess of \$20,000 Deductibles	AR EXCL NW	HAN14	HAN	HAN-10257-00	\$1,170,852 2.0000%	\$0.085
\$58,562,606 excess of Deductibles	NW	HAN14	HAN	HAN-10257-00	\$1,171,252 2.0000%	\$0.401
\$58,542,606 excess of \$20,000 Deductibles	AR EXCL NW	LEX14	LEX	LEX-012076185-00	\$4,097,982 7.0000%	\$0.085
\$58,562,606 excess of Deductibles	NW	LEX14	LEX	LEX-012076185-00	\$4,099,382 7.0000%	\$0.401
\$58,542,606 excess of \$20,000 Deductibles	AR EXCL NW	OBE14	QBE	MSP-14862-01	\$14,635,652 25.0000%	\$0.085
\$58,562,606 excess of Deductibles	NW	QBE14	QBE	MSP-14862-01	\$14,640,652 25.0000%	\$0.401
\$58,542,606 excess of \$20,000 Deductibles	AR EXCL NW	USI14	USI	USI-10260-00	\$4,097,982 7.0000%	\$0.085
\$58,562,606 excess of Deductibles	NW	USI14	USI	USI-10260-00	\$4,099,382 7.0000%	\$0.401

**ALLOCATION OF LIABILITY:**

The contracts herein cover mutually exclusive perils. The maximum limit of liability is not to exceed the per occurrence participation stated herein, regardless of whether multiple perils and multiple contracts are involved. Recognition of liability by either of the contracts reduces the limit of liability of any corresponding contract.

The liability otherwise determined to exist under the terms and conditions of this policy shall be borne by the contract covering the proximate cause of loss identified in the allocation of security. Any loss covered by the policy by a peril not allocated to a contract herein shall be borne by the contract covering the most comprehensive perils, generally in accordance with the ISO Special Causes of Loss Contracts. The liability of the policy shall not be increased or decreased by any condition of the allocation to specific contracts on this endorsement.

Covered perils shall be defined by the applicable forms attached to this policy or otherwise as per the industry standard definition.

<b>SYMBOLS USED HEREIN:</b>	<b>CAUSE OF LOSS</b>	<b>SYMBOL</b>	<b>CODE</b>	<b>COMPANY</b>
	Basic	BA	Lloyds	Certain Underwriters at Lloyd's, London
	Broad	BR		
	Special	SP	Indian H	Indian Harbor Insurance Company
	All Risk excl F/Q	AR	QBE	QBE Specialty Insurance Company
	Difference in Conditions	DIC		
	Windstorm and Hail	WH	Steadfast	Steadfast Insurance Company
	Named Windstorm	NW	GSI	General Security Indemnity Company of Arizona
	All Other Windstorm	AOW		
	Named Storm Flood	NF	USI	United Specialty Insurance Company
	Flood	F	LEX	Lexington Insurance Company
	All Other Flood	AOF		
	Earthquake	Q	Peslic	Princeton Excess and Surplus Lines Insurance Company
	Tria Coverages	T		
	Certified Terrorism as Defined by Tria	T1	HAN	International Insurance Company of Hannover
	Non-Certified Terrorism	T2		
	Equipment Breakdown	EBD		
	Excluding	EXCL		
	Including	INCL		

"Risk" as per contract terms, shall be defined as follows:

<b>Risk</b>	<b>Basis of Limits</b>
Flood and Earthquake	Any One Occurrence and Aggregate
Named Windstorm	Any One Occurrence
Wind and Hail EXCL NW	Any one Location
All Other Perils EXCL F, Q T1 and T2	Any One Occurrence

Maximum "Risk" is defined as

This schedule forms a part of the original Account # 272914

by

Authorized Signature

## CERTAIN UNDERWRITER'S AT LLOYD'S, LONDON - Syndicate List

If Certain Underwriter's at Lloyd's, London are listed as security on the Contract Allocation Endorsement attached to the policy, the list of syndicates is shown below:

**Account #:** 272914

**Certificate #:** AMR-37177

<b>Syndicate Number</b>	<b>Syndicate Abbreviation</b>
510	KLN
33	HIS
510	KLN
33	HIS
510	KLN
1886	QBP
2003	SJC
2987	BRT
2001	AML
2987	BRT
2121	ARG
1200	AMA
2007	NVA
2010	MMX
382	HDU
5000	SPL
2015	CHN
1183	TAL
1886	QBP
1969	APL
318	MSP
5820	JCD
1967	WRB
727	SAM



## COMMERCIAL PROPERTY COMPASS FORM

In consideration of the premium charged, this policy covers for direct physical loss of or damage to the Covered Property caused by a covered Cause of Loss occurring during the policy period. Coverage shall be subject to the terms, conditions, definitions, exclusions, limitations and provisions contained herein.

### SECTION I - COVERAGES AND LIMITS OF LIABILITY

Terms which appear in boldface type have special meaning. See Section VIII. POLICY DEFINITIONS.

- A. **NAMED INSURED:** First Named Insured (as shown in the Declarations) and/or its affiliated and subsidiary companies and/or corporations as now exist or may hereafter be constituted or acquired including their interests as may appear in partnerships or joint ventures which the Insured is responsible or legally obligated to insure.
- B. **MORTGAGEES, LOSS PAYEES, AND ADDITIONAL INSURED(S):** Per Certificates of Insurance (or similar document, list or schedule) on file with AmRisc. Any Certificates of Insurance issued in connection with this Policy shall be issued solely as a matter of convenience or information (and do not alter or amend coverage) for the addressee(s) or holder(s) of said Certificates of Insurance, except where any Mortgagees, Additional Insured(s) or Loss Payee(s) are named pursuant to the Special Provisions of said Certificate of Insurance. In the event any Mortgagees, Additional Insured(s) or Loss Payee(s) are so named by contract, this Policy shall be deemed to have endorsed accordingly, subject to all other terms, conditions and exclusions stated herein, and provided the Certificate of Insurance is issued prior to a loss. Such endorsement adding any Mortgagees, Additional Insured(s) or Loss Payee(s) will be deemed attached to the policy and the Insured will pay any required premium.
- C. **COVERAGE TERRITORY:** Coverage under this Policy applies to **Occurrences** within the United States of America.
- D. **LIMIT OF LIABILITY ("Policy Limit"):** The total maximum liability for all insurance companies and Lloyd's of London, London England (all hereinafter, the "Companies" as shown on the Policy Declarations and Contract Allocation Endorsement pages) in any one **Occurrence** as a result of all covered loss or damage regardless of the number of **Locations**, coverages, or perils insured under this Policy shall not exceed:
- 1) As respects each **Location** insured by this Policy, 100.00 % of the total combined stated values for all categories of Covered Property (e.g. building, contents) and other covered exposures (e.g. time element, rental loss) shown for that **Location** on the latest Statement of Values or other documentation on file with AmRisc; however, in no event to exceed:
  - 2) \$58,562,606 maximum limit of liability.
- E. **SUBLIMITS OF LIABILITY:** Sublimits of Liability stated below are included within and not in addition to the Limit of Liability shown in Paragraph D., above. These Sublimits of Liability and the specified limits of liability contained in the forms, endorsements and extensions attached, if any, are per **Occurrence** unless otherwise indicated.

1. **Earth Movement:**

- a. \$ Not Covered Annual Aggregate, for all insured **Locations**, combined.

Subject to the Annual Aggregate Limit for all **Earth Movement** shown in Subparagraph E.1.a. above:

- b. \$ Not Covered Annual Aggregate for all **Earth Movement** in all of the following states, combined: California, Alaska and Hawaii.
- c. \$ Not Covered Annual Aggregate for **Pacific Northwest States**, combined.
- d. \$ Not Covered Annual Aggregate for **New Madrid Earthquake Zone** Counties, combined.

2. **Flood:**

- a. \$ Not Covered Annual Aggregate, for all insured **Locations**, combined.
- b. \$ Not Covered Subject to the Annual Aggregate Limit for all **Flood** shown in Subparagraph E.2.a.) above, the Annual Aggregate as respects **Flood** for all **Buildings**, combined, wholly or partially within Special Flood Hazard Areas (SFHA), areas of 100-year flooding as defined by the Federal Emergency Management Agency (FEMA).

3. **Named Storm:**

- \$ NA Regardless of the number of Coverages, **Locations** or Perils involved including, but not limited to, wind, wind gusts, tornados, cyclones, hail, or rain, all arising out of a **Named Storm**, the maximum amount the Companies will pay per **Occurrence** as respects all covered Loss or Damage.

In the event a loss involves more than one of the above perils (E.1. - E.3.) and provided it is a covered peril(s), each peril's sublimit above shall be considered a separate sublimit apart from the other peril's sublimits above.

However, the Sublimits below (E.4. - E.29.) shall be considered a sublimit within the above applicable covered peril sublimits (E.1. - E.3.).

4. Debris Removal: The Companies' total liability for Debris Removal per **Occurrence** for all insured **Locations** sustaining covered physical loss or damage payable under this Policy shall not exceed the lesser of:
- a. 25% of the amount of covered physical loss or damage payable for all insured **Locations**; or
- b. \$5,000,000
5. Accounts Receivable: \$1,000,000

6. Civil or Military Authority: 30 Days, but in no event will the Companies pay more than \$1,000,000.
7. Contingent Time Element: 60 Days or \$1,000,000; whichever is less.
8. Ordinance or Law: (See Section VI - Additional Coverage, Paragraph C.)
  - a. Coverage A: Included in Building Limit.
  - b. Coverages B & C Combined: 10% of the schedule building value, not to exceed \$1,000,000.
  - c. Coverage D: Included in the Time Element (if covered).
9. **Electronic Data and Media:** \$ 100,000
10. Spoilage: \$ 25,000
11. Errors and Omissions: \$ 25,000, subject to all other sublimits contained herein.
12. Extended Period of Indemnity: 180 Days
13. Extra Expense: \$1,000,000
14. Fine Arts: \$ 250,000
15. Fire Brigade Charges: \$ 100,000
16. Ingress/Egress Coverage: 30 Days but in no event will the Companies pay more than \$ 250,000
17. Leasehold Interest: \$ 100,000
18. Limited Pollution Coverage: \$ 100,000 Annual Aggregate
19. **Miscellaneous Unnamed Locations:** \$ 100,000, subject to all other sublimits contained herein.
20. Newly Acquired Property: 60 Days but in no event will the Companies pay more than \$1,000,000, subject to all other sublimits contained herein.
21. Ordinary Payroll: 30 Days (provided values are included in the reported Time Element Values).
22. Professional Fees: \$ 100,000, per occurrence and annual aggregate for all claims combined.
23. Service Interruption: \$ 250,000, A qualifying period of 72 hours applies to this coverage.
24. Transit: \$ 100,000
25. **Valuable Papers and Records:** \$1,000,000
26. Plants, lawns, trees or shrubs: \$ 100,000, provided the loss is from a **Defined Cause of Loss.**
27. Any one plant, lawn, tree or shrub: \$ 25,000, provided the loss is from a **Defined Cause of Loss.**
28. **Fungus, Molds, Mildew, Spores, Yeast:** \$ 15,000 per occurrence and annual aggregate.
29. Reclaiming, restoring or repairing land improvements: \$ 10,000

If the words "NOT COVERED" are shown in any extensions shown above, instead of a limit or sublimit amount, or if a specified amount is not shown corresponding to any coverage or Covered Cause of Loss, then no coverage is provided for that coverage or Covered Cause of Loss.

F. **MAXIMUM AMOUNT PAYABLE:** In the event of a Covered Cause of Loss hereunder, total liability of the Companies shall be limited to the least of the following:

1. The actual adjusted amount of loss, less applicable deductible(s), or
2. The limit of liability or applicable sublimit of liability shown in this Policy or endorsed onto this Policy.

G. **DEDUCTIBLE:** Each claim for loss or damage under this Policy shall be subject to a per **Occurrence** deductible amount of \$5,000 , unless a specific deductible shown below applies:

**1. Flood:**

- a. \$ NA Per **Occurrence**, except as follows in Subparagraph G.1.b.:
- b. NA % of **Total Insurable Values**(hereinafter "TIV") at the time of the loss at each **Location** involved in the loss or damage, subject to a minimum of \$ NA any one **Occurrence**, as respects Locations wholly or partially within Special Flood Hazard Areas (SFHA), areas of 100-year flooding as defined by the Federal Emergency Management Agency (FEMA).

**2. Earth Movement:**

- a. \$ NA Per **Occurrence**, except as follows in Subparagraph G.2.b., G.2.c. or G.2.d.:
- b. NA % of the TIV at the time of the loss at each **Location** involved in the loss or damage, subject to a minimum of \$ NA any one **Occurrence**, as respects **Locations** in California, Hawaii and Alaska;
- c. NA % of the TIV at the time of the loss at each **Location** involved in the loss or damage, subject to a minimum of \$ NA any one **Occurrence**, as respects **Locations** in the **Pacific Northwest States**;
- d. NA % of the TIV at the time of the loss at each **Location** involved in the loss or damage, subject to a minimum of \$ NA any one **Occurrence**, as respects **Locations** in the **New Madrid Earthquake Zone Counties**.

**3. Wind & Hail:**

- a. \$50,000 Per **Occurrence**, except as follows in Subparagraph G.3.b., or G.3.c.:
- b. 2 % of the TIV at the time of the loss at each **Location** involved in the loss arising out of a **Named Storm**, subject to a minimum deductible of \$50,000 any one **Occurrence**, as respects **Locations** in:

All Locations, as per Statement of Values on file with AmRisc.

- c. NA % of the TIV at the time of the loss at each **Building** involved in the loss arising out of a **Named Storm**, subject to a minimum deductible of \$ NA any one **Occurrence**, as respects **Locations** in:  
NA

The TIV shall include all values reported, including Real & Personal Property and Time Element.

The following two paragraphs apply to Subparagraphs G.1. through G.3, inclusive:

In each case of loss or damage covered by this Policy, the Companies shall not be liable unless the Insured sustains loss or damage in a single **Occurrence** greater than any applicable deductible described herein and then, if this is a quota share Policy, only for each Companies' share in excess of such deductible. When this Policy covers more than one **Location**, the deductible shall apply against the total loss or damage covered by this Policy in any one **Occurrence**, unless otherwise stated in this Paragraph G.

If two or more peril deductible amounts provided in this Policy apply to a single **Occurrence**, the total to be deducted shall not exceed the largest deductible applicable, unless otherwise stated in this Policy.

## SECTION II - COVERED CAUSES OF LOSS

- A. **COVERED CAUSES OF LOSS:** This Policy insures against all risks of direct physical loss or damage to Covered Property, except as excluded.
- B. **EXCLUSIONS:** The Companies do not insure for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss or damage. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area:

### 1. ABSOLUTE NUCLEAR, BIOLOGICAL, CHEMICAL AND RADIOACTIVE EXCLUSIONS

This insurance excludes from coverage any loss or damage directly or indirectly caused by or resulting from:

- a. loss or damage that involves the use, release or escape of nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
- b. loss or damage that is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- c. loss or damage in which pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials; or
- d. loss or damage arising from action taken to prevent, defend against, respond to or retaliate against Terrorism or suspected Terrorism.

For the avoidance of doubt, the foregoing excludes from coverage any ensuing loss or damage following the foregoing perils, such as fire following.

2. a. War, hostile or warlike action in time of peace or war, whether or not declared, including action in hindering, combating, or defending against an actual, impending, or expected attack:
  - i. By any government or sovereign power (de jure or de facto) or by any authority maintaining or using military, naval, or air forces; or
  - ii. By military, naval, or air forces; or

- iii. By an agent of any such government, power, authority, or force;
- b. Any weapon of war employing atomic fission or radioactive force, whether in time of peace or war, whether or not its discharge was accidental; or
- c. Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering combating, or defending against such **Occurrence**, seizure or destruction;

Including any consequence of Subparagraphs 2.a, 2.b. or 2.c. above.

- 3. Any fraudulent or dishonest act or acts, intended to result in financial gain, committed alone or in collusion with others: by any proprietor, partner, director, trustee, officer or employee of the Insured (including leased employees), or by any party to whom the property may have been entrusted (other than a carrier for hire).

However, a willful act of destruction by an employee of the Insured (including leased employees), or others listed above without the knowledge of the Insured is covered.

#### 4. Asbestos

- a) The Companies will not pay for loss, damage or remediation expenses caused by or resulting from the presence of asbestos or asbestos-containing materials. As used in this exclusion, remediation expenses are expenses incurred for or in connection with the investigation, monitoring, removal, disposal, treatment, abatement or neutralization of asbestos or asbestos-containing materials to the extent required by federal, state or local laws, regulations or statutes or any subsequent amendments thereof to address asbestos.
- b) However, this Asbestos exclusion does not apply to the extent that coverage is provided under the following:

This policy insures asbestos located within an insured building or structure, and then only that part of the asbestos which has been physically damaged during the policy period by one of these Listed Perils:

FIRE; SMOKE; EXPLOSION; LIGHTNING; WINDSTORM; HAIL; DIRECT IMPACT OF VEHICLE, AIRCRAFT OR VESSEL; RIOT OR CIVIL COMMOTION; VANDALISM OR MALICIOUS MISCHIEF; ACCIDENTAL DISCHARGE OF FIRE PROTECTIVE EQUIPMENT

This coverage is subject to all limitations in the policy and, in addition, to each of the following specific limitations:

- a. The said building or structure must be insured under this policy for damage by this Listed Peril.
- b. The Listed Peril must be the immediate, sole cause of the damage to the asbestos.
- c. The Insured must report to the Companies the existence and cost of the damage as soon as practicable after the Listed Peril first damaged the asbestos. However, this policy does not insure any such damage first reported to the Companies more than 12(twelve) months after the expiration, or termination, of the policy period.
- d. Insurance under this policy in respect of asbestos shall not include any sum relating to:

- (1) any faults in the design, manufacture or installation of the asbestos;
- (2) asbestos not physically damaged by a Listed Peril including any governmental or regulatory authority direction or request of whatsoever nature relating to undamaged asbestos.

5. Pollution/Contamination Exclusion  
NMA 2340 11/24/1988 (USA date) - amended

Seepage And/Or Pollution And/Or Contamination Exclusion

This Policy does not insure:

- (a) any loss, damage, cost or expense, or
- (b) any increase in insured loss, damage, cost or expense, or
- (c) any loss, damage, cost, expense, fine or penalty, which is incurred, sustained or imposed by order, direction, instruction or request of, or by any agreement with, any court, government agency or any public, civil or military authority, or threat thereof, (and whether or not as a result of public or private litigation), which arises from any kind of seepage or any kind of pollution and/or contamination, or threat thereof, whether or not caused by or resulting from a peril insured, or from steps or measures taken in connection with the avoidance, prevention, abatement, mitigation, remediation, clean-up or removal of such seepage or pollution and/or contamination or threat thereof.

The term "any kind of seepage or any kind of pollution and/or contamination" as used in this clause includes (but is not limited to):

- (a) seepage of, or pollution and/or contamination by, anything, including but not limited to, any material designated as a "hazardous substance" by the United States Environmental Protection Agency or as a "hazardous material" by the United States Department of Transportation, or defined as a "toxic substance" by the Canadian Environmental Protection Act for the purposes of Part II of that Act, or any substance designated or defined as toxic, dangerous, hazardous or deleterious to persons or the environment under any other Federal, State, Provincial, Municipal or other law, ordinance or regulation; and
- (b) the presence, existence, or release of anything which endangers or threatens to endanger the health, safety or welfare of persons or the environment.

6. Delay, loss of market, or loss of use.
7. Indirect, remote, or consequential loss or damage.
8. Mysterious disappearance or loss or shortage disclosed on taking inventory or any unexplained loss.
9. Voluntary parting with title or possession of any property, including voluntary parting which is the result of any fraudulent scheme, trick, devise, false pretenses, or any other similar act.
10. Faulty workmanship, material, construction, installation, or design from any cause; or faulty planning, zoning, development, surveying or siting; all unless physical damage not excluded by this Policy ensues, in which event, this Policy will cover only such resulting damage.

11. Loss attributable to manufacturing or processing operations which result in damage to stock or materials while such stock or materials are being processed, manufactured, tested or otherwise being worked upon; all unless physical damage not excluded by this Policy results, in which event, this Policy shall cover only such resulting damage.
12. Deterioration, depletion, rust, corrosion, erosion, wet or dry rot, decay, evaporation, leakage, wear and tear, animal, insect or vermin damage, inherent vice or latent defect, shrinkage or change in color, flavor, texture or finish, extremes or changes of temperature damage or changes in relative humidity damage, all whether atmospheric or not; all unless physical damage not excluded by this Policy results, in which event, this Policy shall cover only such resulting damage.
13. Settling, cracking, shrinking, bulging, or expansion of pavements, foundations, walls, floors, or ceilings; all unless physical damage not excluded by this Policy results, in which event, this Policy will cover only such resulting damage.
14. Lack of incoming electricity, fuel, water, gas, steam, refrigerant, or outgoing sewerage, or incoming or outgoing data or telecommunications, all of which are caused by an **Occurrence** away from the **Location(s)** insured under this Policy, unless specifically provided herein and only to the extent provided herein.
15. Costs, expenses, fines or penalties incurred or sustained by or imposed on the Insured at the order of any government agency, court or other authority arising from any cause whatsoever.
16. Electronic Data Exclusion
  - a. This policy does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of **Electronic Data and Media** from any cause whatsoever (including but not limited to "computer virus") or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.
 

"Computer Virus" means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. "Computer Virus" includes but is not limited to "Trojan Horses," "worms" and "time or logic bombs".
  - b. However, in the event that a **Defined Cause of Loss** results from any of the matters described in paragraph a) above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage occurring during the policy period to property insured by this Policy directly caused by such **Defined Cause of Loss**.

17. Electronic Date Recognition Exclusion (EDRE)

NMA 2802 12/17/1997 (USA Date) - amended

This policy does not cover any loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

- a. the calculations, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, program or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer

equipment, whether the property of the Insured or not; or

- b. any change, alteration or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, program or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not.

This clause applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim or expense.

- 18. Loss or damage in the form of, caused by, arising out of, contributed to, or resulting from **Fungus, Mold(s), Mildew, Spores or Yeast**; or any spores or toxins created or produced by or emanating from such **Fungus, Mold(s), Mildew, Spores or Yeast**.

However, this exclusion shall not apply provided the Insured establishes that the fungus, mold(s), mildew, spores or yeast is a direct result of a covered loss from a **Defined Cause of Loss** and provided this loss is reported to the Companies within twelve (12) months from the expiration date of the policy. The Companies' liability shall then be limited to the sublimit stated under Section I.E.28.

- 19. Loss or damage caused by hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment, unless physical damage not excluded by this Policy results, in which event, this Policy will cover only such resulting damage.

- 20. Loss or damage arising out of:

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

However, the Companies do cover loss or damage arising out of **Collapse**.

- 21. Loss or damage caused by **Equipment Breakdown** to vehicles (or any equipment on vehicles), draglines, cranes, excavation or construction equipment.

- 22. Terrorism Exclusion

NMA 2920; 10/8/01 (USA Date) - amended

This policy excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

For the purpose of this exclusion, an "act of terrorism" means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This clause also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.

If the Companies allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Insured.

In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

23. Exclusion Of Loss Due To Virus Or Bacteria (AR 01 40 07 - amended)

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

However, this exclusion does not apply to loss or damage caused by or resulting from **fungus, mold(s), mildew, spores or yeast**. Such loss or damage is addressed in a separate exclusion in this Policy.

- c. With respect to any loss or damage subject to the exclusion in subparagraph b. above, such exclusion supersedes any exclusion relating to pollutants or contaminants.
- d. The terms of the exclusion in subparagraph B. above, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Policy.

24. Water under the ground surface pressing on, or flowing or seeping through:

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

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

26. Loss or damage by rain, snow, or dust, whether driven by wind or not, to the interior of any **building** or structure, or the property inside the **building** or structure, unless the **building** or structure first sustains wind or hail damage to its roof or walls through which the rain, snow, sand or dust enters.

27. Seizure or destruction of property by order of governmental authority. However, coverage is provided for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire is a Covered Cause of Loss.

28. **Equipment Breakdown** (see Definitions).
29. **Named Storm Restriction:** This policy shall exclude all damage directly or indirectly caused by a **Named Storm**, until coverage for such **Named Storm** has been bound by agreement between AmRisc and the First Named Insured. No increase in limits or additional coverages will be provided for any insured Location(s) threatened by such **Named Storm**, until coverage for such **Named Storm** has been bound by agreement between AmRisc and the First Named Insured.
30. Loss or damage arising out of any Covered Cause of Loss for which the words NOT COVERED or for which an amount is not shown in Section I. Subparagraph E.

### SECTION III - COVERED PROPERTY

- A. **COVERED PROPERTY:** Unless otherwise excluded, this Policy covers the following property while on the described **Locations** and within 1,000 feet thereof:
  1. Real property, including new **buildings** and additions under construction at an insured Location, and personal property in which the Insured has an insurable interest;
  2. Improvements and betterments to **buildings** or structures in which the Insured has an insurable interest;
  3. At the option of the Insured, Personal property, other than motor vehicles, of officers and employees of the Insured;
  4. Personal property of others, other than motor vehicles, in the care, custody and control of the Insured, which the Insured is under obligation to keep insured for physical loss or damage of the type insured against under this Policy;
  5. Contractor's and vendor's interests in property covered to the extent of the Insured's liability imposed by law or assumed by written contract prior to the date of direct physical loss or damage. However, such interests will not extend to any Time Element coverage provided by this Policy.
  6. Real and Personal Property and related Time Element Loss at **Miscellaneous Unnamed Locations(s)** owned by the Insured or for which the Insured is legally responsible for, and within the Coverage Territory of the policy.
- B. **PROPERTY EXCLUDED:** This Policy does not insure against loss or damage to:
  1. Currency, money, notes, securities, stamps, furs, jewelry, precious metals, precious stones, and semi-precious stones. This exclusion does not apply to precious metals and precious stones used by the Insured for industrial purposes;
  2. Air, **Land**, land values, and any substance in or on Land. However, this exclusion does not apply to the cost of reclaiming, restoring or repairing land improvements, provided the loss is from a **Defined Cause of Loss**. The Companies' liability shall then be limited to the sublimit stated under Section I.E.29.;
  3. Water, except water which is normally contained within any type of tank, piping system or other process equipment;

4. Standing timber, growing crops, plants, lawns, trees, shrubs or animals. However, this exclusion does not apply to plants, lawns, trees or shrubs, provided the loss is from a **Defined Cause of Loss**. The Companies' liability shall then be limited to the sublimits stated under Section I.E.26 & E.27.;
5. Pavements or roadways;
6. Vehicles licensed for highway use, watercraft, aircraft and railroad rolling stock;
7. Property sold by the Insured under conditional sale, trust agreement, installment plan or other deferred payment plan after delivery to customers;
8. Property in transit, except expressly as provided elsewhere in this Policy;
9. Underground mines or mining shafts and any related mining property and equipment while underground; or underground pipes, flues or drains; or any property below the lowest basement floor;
10. Offshore oil rigs, platforms and property contained therein or thereon;
11. Satellites and spacecraft;
12. Dams, dikes, levies, bridges, tunnels, reservoirs, flood retaining walls and canals; except when scheduled as such on the Statement of Values;
13. Docks, piers and wharves; except when scheduled as such on the Statement of Values;
14. Transmission and distribution lines of every type and description; except when located on the insured premises or within one-thousand (1000) feet thereof;
15. Personal property in the care, custody, and control of the Insured when the Insured is acting as a bailee, a warehouseman, or a carrier for hire;
16. Contraband, or property in the course of illegal transportation or trade.

#### **SECTION IV - VALUATION**

Except as otherwise provided in this Paragraph, adjustment of loss or damage under this Policy shall be valued at the cost to repair or replace (whichever is less) at the time and place of the loss with materials of like kind and quality, without deduction for depreciation and obsolescence. The Insured may elect to rebuild on another site, provided that, such rebuilding does not increase the amount of loss or damage that would otherwise be payable to rebuild at the same site. Property that is not repaired or replaced within two (2) years after the date of loss (unless such requirement is waived by the Companies in writing) will be valued at **Actual Cash Value** at the time and place of the loss.

Unless otherwise endorsed hereon, the property, as described below, will be valued as follows:

- A. Stock in process will be valued at the cost of raw materials and labor expended plus the proper proportion of overhead charges.
- B. Finished goods manufactured by the Insured will be valued at the regular cash selling price at the location where the loss occurs, less all discounts and charges to which the merchandise would have been subject had no loss occurred.

- C. Raw materials, supplies and other merchandise not manufactured by the Insured will be valued at the replacement cost.
- D. **Valuable Papers and Records** will be valued at the cost to replace or restore the property with like kind and quality including the cost to research, gather and assemble information. If not replaced, the Companies will only pay the blank value of the papers or records.
- E. **Electronic Data and Media** will be valued at the cost of the blank media plus the costs of copying the **Electronic Data and Media** from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling such **Electronic Data and Media**. If the **Electronic Data and Media** is not repaired, replaced or restored, the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such **Electronic Data and Media** to the Insured or any other party, even if such **Electronic Data and Media** cannot be recreated, gathered or assembled.
- F. Jigs and fixtures, dies, small tools, patterns, employees' personal property and personal property of third parties, the replacement cost if replacement cost values have been reported to the Companies and if actually replaced; otherwise the **Actual Cash Value**, but not to exceed the cost to repair or replace the property with material of like kind and quality.
- G. Leasehold improvements and betterments will be valued as follows;
1. If repaired or replaced at the expense of the Insured within two (2) years after the date of the loss, the cost to repair or replace the damaged improvements and betterments.
  2. If not repaired or replaced within two (2) years after the date of the loss, a proportion of the Insured's original cost:  
  
The Companies will determine the proportionate value as follows:
    - a. Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
    - b. Divide the amount determined in Subparagraph a. above by the number of days from the installation of improvements to the expiration of the lease.If the Insured's lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure; or
  3. Nothing, if others pay for repairs or replacement.
- H. Fine Arts will be valued as follows:
1. If there is no Agreed Value Schedule on file with AmRisc, then the lesser of:
    - a. The cost to repair or replace the fine art, or
    - b. The appraised value, which will be determined as of the time of the loss.
  2. If there is an Agreed Value Schedule on file with AmRisc, then the Agreed Value Schedule on file with AmRisc.
- I. Accounts Receivable will be valued at the amount owed the Insured which the Insured is unable to collect from customers, and shall include:
1. Any collection expenses over and above the normal collection costs;

2. Interest charges on any loan to offset impaired collections pending repayment of such sums that cannot be collected; and
3. Other reasonable and necessary expenses incurred by the Insured to recreate Accounts Receivable Records.

Unearned interest and service charges on deferred payment accounts and normal credit losses on bad debts shall be deducted in determining the recovery hereunder.

After payment of loss by the Companies, all amounts recovered by the Insured on Accounts Receivable for which the Insured has been paid will belong to and will be paid to the Companies by the Insured up to the total amount of loss paid by these Companies. All recoveries in excess of such amounts will belong to the Insured.

In the event it is possible to reconstruct the Insured's Accounts Receivable Records after they have been physically lost or damaged, so that no shortage in collection of Accounts Receivable is sustained, the Companies shall only be liable for the costs of the material and the time required to reconstruct such records, with the exercise of due diligence and dispatch, but only to the extent that such amounts are not covered by any other insurance.

- J. **Property for Sale:** If, at the time of the loss, any real property is being offered for sale, the loss or damage to such property will be valued at the lesser of:
  1. The cost to repair or replace the damaged property, or
  2. The price at which the property is offered for sale less the market value of the **Land**.
- K. **Property in Transit:** In case of loss, the basis of adjustment shall be:
  1. Property shipped to or for the account of the Insured shall be valued at the actual invoice to the Insured, together with such costs and charges as may have accrued and become legally due on such property;
  2. Property which has been sold by the Insured and has been shipped to or for account of the purchaser (if covered hereunder) is valued at the amount of the Insured's selling invoice, including prepaid or advanced freight;
  3. Property of others not under invoice shall be valued at the actual market value at the point of destination on the date of the **Occurrence**, less any charges saved which would have become due and payable upon delivery at destination; or
  4. Property of the Insured not under invoice shall be valued in accordance with the valuation provisions of this Policy applying at the location from which such property is being transported, less any charges saved which would have become due and payable upon delivery at such destination.
- L. Contractor's equipment and vehicles (if covered) shall be valued at **Actual Cash Value**, unless an agreed value applies.
- M. For all other property: At replacement cost if actually replaced; otherwise, the **Actual Cash Value**, but not to exceed the cost to repair or replace the property with material of like kind and quality.

With respect to Subparagraphs A. through M., inclusive, unless otherwise specifically stated, the Companies will compute the valuations at the time and place of the loss.

## **SECTION V - TIME ELEMENT COVERAGE GROSS EARNINGS**

This Policy is extended to cover the actual loss sustained by the Insured during the Period of Interruption directly resulting from a Covered Cause of Loss to Covered Property.

A. **ACTUAL LOSS SUSTAINED:** In the event the Insured is prevented from producing goods or from continuing its business operations or services and is unable:

1. To make up lost production within a reasonable period of time (not to be limited to the period during which production is interrupted), or
2. To continue business operations or services,

all through the use of any property or service owned or controlled by the Insured, or obtainable from other sources, whether the property or service is at an insured Location or through working extra time or overtime at any other substitute location(s), including any other location(s) acquired for the purpose, then the Companies shall be liable, subject to all other conditions of this Policy not inconsistent herewith for the actual loss sustained of the following during the Period of Interruption:

1. **GROSS EARNINGS** less all charges and expenses which do not necessarily continue during the interruption of production or suspension of business operations or services. For the purpose of this coverage, **GROSS EARNINGS** means:
  - a. For manufacturing operations: The net sales value of production less the cost of all raw stock, materials and supplies utilized in such production; or
  - b. For mercantile or non-manufacturing operations: The total net sales less cost of merchandise sold, materials and supplies consumed in the operations or services rendered by the Insured;
  - c. Plus all other earnings derived from the operation of the business.

In determining net sales, in the event of loss hereunder, for mercantile or non-manufacturing operations, any amount recovered under Property Damage policies for loss or damage to or destruction of merchandise shall be included as though the merchandise had been sold to the Insured's regular customers.

In determining the amount of loss payable under this coverage, due consideration shall be given to the experience of the business before the Period of Interruption and the probable experience thereafter had no loss occurred, and to the continuation of only those normal charges and expenses that would have existed had no interruption of production or suspension of business operations or services occurred.

There is no coverage for any portion of the Insured's Ordinary Payroll expense unless a specified number of days for Ordinary Payroll are shown in Section I.E.21. In such case, the Companies will pay Ordinary Payroll for that number of days only. Ordinary Payroll means the entire payroll expense for all employees of the Insured except officers, executives, department managers, employees under contract, and other essential employees.

2. **EXPENSE TO REDUCE LOSS:** Expenses, over and above normal operating expenses, necessarily incurred by the Insured in making up lost production or in reducing loss otherwise payable under this coverage are covered hereunder, but in no event shall these Companies be liable for an amount greater than that for which it would have been liable had the Insured been unable to make up any lost production or to continue any business operations or services.

B. PERIOD OF INTERRUPTION: In determining the amount payable under this coverage, the Period of Interruption shall be:

1. The period from the time of physical loss or damage insured against by this Policy to the time when, with the exercise of due diligence and dispatch, either:
  - a. normal operations resume; or
  - b. physically damaged buildings and equipment could be repaired or replaced and made ready for operations under the same or equivalent physical and operating conditions that existed prior to such loss or damage,

whichever is less. Such period of time shall not be cut short by the expiration or earlier termination date of the Policy.

2. In addition, if applicable, such time as may be required with the exercise of due diligence and dispatch:
  - a. To restore stock in process to the same state of manufacture in which it stood at the time of the initial interruption of production or suspension of business operations or services; or
  - b. To replace physically damaged or destroyed mercantile stock necessary to resume operations.
  - c. To replace raw materials and supplies in order to continue operations.

However, the inability to procure destroyed mercantile stock or suitable raw materials and supplies to replace similar stock or materials and supplies physically damaged or destroyed shall not increase the Period of Interruption.

3. For Property under construction: The time period between the anticipated date of substantial completion had no covered loss occurred and the actual date of completion. In calculating the amount of loss, due consideration will be given to the actual experience of the business compiled after substantial completion and start-up.

The Period of Interruption does not include any additional time:

1. Required for re-staffing or re-training employees, or
2. Due to the Insured's inability to resume operations for reasons other than those enumerated in B.2.a. through B.2.c., inclusive, above, or
3. Required for making change(s) to the buildings, structures, or equipment for any reason except as provided in the Ordinance or Law coverage, if such coverage is provided by this Policy.

### C. ADDITIONAL TIME ELEMENT COVERAGES

1. EXTRA EXPENSE: This Policy is extended to cover the loss sustained by the Insured for Extra Expense during the Period of Interruption resulting from direct physical loss or damage from a Covered Cause of Loss to Covered Property utilized by the Insured. Extra Expense means:
  - a. The reasonable and necessary extra expense incurred to temporarily continue as nearly normal as practicable the conduct of the Insured's business; and

- b. The reasonable and necessary extra costs of temporarily using property or facilities of the Insured or others.

The Insured agrees to use any suitable property or service owned or controlled by the Insured or obtainable from other sources in reducing the Business Income and Extra Expense incurred under this Policy.

- 2. RENTAL VALUE: As respects Covered Property held for rental to others, this Policy is extended to cover the loss sustained during the Period of Interruption but not exceeding the reduction in Rental Value less charges and expenses which do not necessarily continue.

Rental Value means the sum of:

- a. The total anticipated gross rental income from tenant occupancy of the described property as furnished and equipped by the Insured including taxes, rent based on percentage of sales, and other charges paid by tenants in respect of the leased premises; and
- b. The amount of all charges which, by the terms of a written lease, are the legal obligation of the tenant(s) and which would otherwise be obligations of the Insured; and
- c. The fair rental value of any portion of such property which is occupied by the Insured.

Due consideration will be given to the historic rental expenses prior to the loss and the probable expenses thereafter.

- 3. ROYALTIES: This Policy is extended to cover loss of income sustained by the Insured under a royalty, licensing fee, or commission agreement between the Insured and another party during the Period of Interruption arising out of direct physical loss or damage by a Covered Cause of Loss during the term of this Policy to real or personal property of such other party, only if shown as such on the Statement of Values.
- 4. SOFT COSTS: For Property under Construction, this Policy is extended to cover Soft Costs incurred by the Insured during Period of Interruption (described in Paragraph B. above). Such Soft Costs must be the result of direct damage from a Covered Cause of Loss.

The Companies will pay reasonable and necessary Soft Costs over and above those costs which would have been incurred by the Insured during the Period of Interruption had no loss occurred. Soft Costs means:

- a. The amount of actual interim or construction financing interest, including loan fees and other one time charges incurred to negotiate a new construction loan and/or extend the existing one;
- b. Realty taxes and ground rent if any;
- c. Advertising and promotional expenses;
- d. Cost of additional commissions;
- e. Architects, surveyors, legal, consulting engineers, or other fees not otherwise covered under this Policy;
- f. Project administration expense, but not including development fees;
- g. Insurance premiums; and
- h. Finder's fee refunds.

5. CONTINGENT TIME ELEMENT: If direct physical loss or damage to the real or personal property of a direct supplier or direct customer of the Insured is damaged by a Covered Cause of Loss under this Policy, and such damage:
- a. wholly or partially prevents any direct supplier to the Insured from supplying their goods and/or services to the Insured, or
  - b. wholly or partially prevents any direct customer of the Insured from accepting the Insured's goods and/or services;

then this Policy is extended to cover the actual loss sustained by the Insured during the Period of Interruption with respect to such real or personal property. The property of the supplier or customer which sustains loss or damage must be of the type of property which would be Covered Property under this Policy.

This coverage applies to the Insured's direct suppliers or direct customers located in the United States of America.

6. INTERRUPTION BY CIVIL OR MILITARY AUTHORITY: This Policy is extended to cover the actual loss sustained during the period of time when access to the Insured's real or personal property is prohibited by a written order of civil or military authority, provided that, such order is a direct result of a Covered Cause of Loss to real property not insured hereunder. Such period of time begins with the effective date of the order of civil or military authority and ends no later than the number of days shown in Section I.E.6. In no event will the Companies pay more than the Sublimit shown in Section I.E.6. for this Additional Time Element Coverage.
7. INGRESS & EGRESS: This Policy is extended to cover the actual loss sustained during the period of time when ingress to or egress from the Insured's real or personal property is prohibited as a direct result of a Covered Cause of Loss to real property not insured hereunder. Such period of time begins on the date that ingress to or egress from real or personal property is prohibited and ends no later than the number of days shown in Section I.E.16. In no event will the Companies pay more than the Sublimit shown in Section I.E.16. for this Additional Time Element Coverage.
8. EXTENDED PERIOD OF INDEMNITY Coverage is provided for such additional length of time as is required to restore the Insured's business to the condition that would have existed had no loss occurred, commencing with the later of the following dates:
- a. the date on which the liability of the Companies for loss or damage would otherwise terminate; or
  - b. the earliest date on which either normal operations resume, or repair, replacement, or rebuilding of the property that has been damaged is actually completed; but in no event for a period of time exceeding the number of days specified in Section I.E.12. starting with later of a. or b. above. This Extended Period of Indemnity does not apply to any Additional Time Element Coverages.

With respect to Additional Time Element Coverages 6. & 7., if a Covered Cause of Loss results in coverage under both Additional Time Element Coverages, the Companies will only pay for loss under one of the two Additional Time Element Coverages, whichever the First Named Insured selects.

D. ADDITIONAL EXCLUSIONS: Section V - Time Element Coverage does not cover:

1. IDLE PERIODS - Any loss during any period in which goods would not have been produced, or business operations or services would not have been maintained, for any reason other than physical loss or damage from a Covered Cause of Loss to which this coverage applies.
2. REMOTE LOSS -
  - a. Any increase in loss due to the suspension, cancellation, or lapse of any lease, contract, license or order,
  - b. Any loss due to fines or damages for breach of contract or for late or non-completion of orders or penalties of whatever nature, or
  - c. Any increase in loss due to interference at the Insured's premises by strikers or other persons with rebuilding, repairing, or replacing the property damaged or destroyed, or with the resumption or continuation of business, or with the re-occupancy of the premises,Nor shall the Companies be liable for any other consequential or remote loss, other than as specifically provided in this Section V.
3. FINISHED PRODUCTS - Any loss resulting from loss or damage to finished products manufactured by the Insured nor for the time required for their reproduction.
4. TRANSIT - Any loss resulting from loss or damage to property in transit.

#### SECTION VI - ADDITIONAL COVERAGES

The following additional coverages are subject to the terms and conditions of this Policy, including the deductibles and sublimits of liability corresponding to each such additional coverage shown in Section I. These sublimits are part of, and not in addition to sublimits and limits of liability of this Policy, including, but not limited to, the **Earth Movement, Flood, or Named Storm** Sublimits of Liability provided herein, if applicable.

- A. ACCOUNTS RECEIVABLE: This Policy covers any shortage in the collection of Accounts Receivable directly resulting from direct physical loss or damage insured by this Policy to Accounts Receivable Records.

This extension of coverage does not apply to loss due to:

1. Bookkeeping, accounting or billing errors and omissions; and
  2. Alteration, falsification, manipulation, concealment, destruction, or disposal of Accounts Receivable Records committed to conceal the wrong giving, taking, obtaining or withholding of money, securities or other property, but only to the extent of such wrongful giving, taking, obtaining or withholding.
- B. DEBRIS REMOVAL: This Policy covers the necessary and reasonable expense of removal from the insured Locations of debris of Covered Property or property of others remaining as a result of direct physical loss or damage insured against under this Policy that occurs during the policy period when the Insured gives written notice of such direct physical loss or damage to the Companies, no later than 180 days after the loss. There is no liability for the expense of removing contaminated or polluted uninsured property, nor the **Pollutants or Contaminants** therein or thereon, whether or not the contamination results from an insured event.

C. **ORDINANCE OR LAW:** In the event of direct physical loss or damage under this Policy that causes the enforcement of any law, ordinance, governmental directive or standard in effect at the time of loss or damage regulating the construction, repair, use, or occupancy of the property, the Companies shall pay:

1. Coverage A: For the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building.
2. Coverage B: For the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property.
3. Coverage C: For the increased cost of repair or reconstruction of the damaged and undamaged property on the same or another site, limited to the cost that would have been incurred in order to comply with the minimum requirements of such law or ordinance regulating the repair or reconstruction of the damaged property on the same site. However, these Companies shall not be liable for any increased cost of construction loss unless the damaged property is actually rebuilt or replaced.
4. Coverage D: For the additional loss in Time Element (if covered), that the Insured sustains during the increased period of suspension of operations caused by or resulting from a consequence of enforcement of an ordinance or law.

The Companies shall not be liable for any cost of demolition or increased cost of reconstruction, repair, debris removal or loss of use (including Time Element) necessitated by the enforcement of any law or ordinance regulating any form of contamination or pollution.

D. **ELECTRONIC DATA AND MEDIA:** This Policy is extended to cover direct physical loss or damage to **Electronic Data and Media**.

E. **ERRORS OR OMISSIONS:** This Policy is extended to cover direct physical loss or damage at **Locations** within the Coverage Territory that are owned, leased or operated by the Insured, if such loss or damage is not payable under this Policy solely due to:

1. Any error or unintentional omission in the description of the address of the property whether made at the inception of the policy period or subsequent thereto; or
2. Failure through any error or unintentional omission to:
  - a. Include any **Location** of the Insured at the inception of the Policy; or
  - b. Report any newly acquired location before the period of automatic coverage provided under this Policy for Newly Acquired Location(s) expires.

With respect to Subparagraphs 1. and 2. above, this Errors or Omissions Additional Coverage does not function to allow the Insured or its representative to correct any value shown in the Statement of Values.

This Policy covers such direct physical loss or damage, to the extent it would have provided coverage had such error or unintentional omission not been made.

It is a condition of this additional coverage that any error or unintentional omission be reported by the Insured to the Companies when discovered and an additional premium be paid, as determined by the Companies.

There is no coverage under this Paragraph for loss or damage which is covered under Newly Acquired Property or **Miscellaneous Unnamed Locations** provisions of this Policy.

- F. FINE ARTS: This Policy is extended to cover direct physical loss or damage to fine arts. However, no coverage is provided for:
1. Breakage, marring, scratching, chipping or denting of art, glass, windows, statuary, marble, glassware, porcelain, bric-a-brac, or similar fragile articles, unless such breakage, marring, scratching, chipping or denting is caused by a **Defined Cause of Loss**; or

2. Physical loss or damage as a result of restoring, repairing or retouching processes.

- G. FIRE BRIGADE CHARGES AND EXTINGUISHING EXPENSES: This Policy covers the following expenses resulting from a Covered Cause of Loss:

1. Fire brigade charges and any extinguishing expenses which the Insured incurs;

2. Loss and disposal of fire extinguishing materials expended.

There is no coverage for any costs incurred as a result of a false alarm.

- H. LEASEHOLD IMPROVEMENTS & BETTERMENTS: This Policy is extended to cover the value of undamaged tenant's improvements and betterments when the Insured's lease is cancelled by the lessor; acting under a valid condition of the lease due to direct physical loss or damage to building or personal property caused by or resulting from a Covered Cause of Loss at an insured **Location**. No sublimit of liability applies to this additional coverage, but in no event will the Companies be liable for an amount in excess of the applicable sublimit of liability specified for the Leasehold Interest, if any.

- I. LEASEHOLD INTEREST: If Covered Property is: (1) rendered wholly or partially untenable by a Covered Cause of Loss during the Policy period and (2) the Insured's lease is canceled by a party, other than the Named Insured, or an entity with any common ownership of the Named Insured, in accordance with the conditions of the lease or as a result of a statutory requirement of the appropriate jurisdiction in which the damaged or destroyed Covered Property is located, then this Policy is extended to cover "The Interest of the Insured as Lessee" (as defined below) or "The Interest of the Insured as Lessor" (as defined below), whichever is applicable, but only for the first three months succeeding the date of the loss and the "Net Lease Interest" (as defined below) shall be paid for the remaining months of the unexpired lease.

Recovery under this additional coverage shall be the pro rata proportion from the date of loss to expiration date of the lease (to be paid without discount) on the Insured's interest in:

1. The amount of bonus paid by the Insured for the acquisition of the lease not recoverable under the terms of the lease;
2. Improvements and betterments to real property which are not covered under any other section of this Policy; and
3. The amount of advance rental paid by the Insured and not recoverable under the terms of the lease.

Definitions: The following terms, wherever used in this Paragraph I shall mean:

1. The Interest of the Insured as Lessee is defined as:

- a. the excess of the rental value of similar premises over the actual rental payable by the lessee (including any maintenance or operating charges paid by the lessee) during the unexpired term of the lease; and
  - b. the rental income earned by the Insured from sublease agreements, to the extent not covered under any other section of this Policy, over and above the rental expenses specified in the lease between the Insured and the lessor.
2. The Interest of the Insured as Lessor is defined as the difference between the rents payable to the lessor under the terms of the lease in effect at the time of loss and the actual rent collectible by the lessor during the unexpired term of the lease provided the lease is canceled by the lessee, to the extent not covered under any other section of this Policy.
  3. Net Lease Interest is defined as that sum, which placed at 6% interest compounded annually will be equivalent to The Interest of the Insured as Lessee or Lessor.

The Companies shall not be liable for any increase of loss which may be occasioned by the suspension, lapse or cancellation of any license or by the Named Insured exercising any option to cancel the lease. Furthermore, the Named Insured shall use due diligence, including all things reasonably practicable, to diminish loss under this additional coverage.

- J. LIMITED POLLUTION COVERAGE: This Policy is extended to cover the reasonable and necessary additional expense incurred to remove, dispose of, or clean-up the actual or suspected presence of Pollutants or Contaminants from Land or water at an insured Location when such Land or water is contaminated or polluted due to a Covered Cause of Loss that occurs during the policy period. There will be no coverage unless such expenses are reported to the Companies within 180 days of the date of direct physical loss or damage.
- K. NEWLY ACQUIRED PROPERTY: This Policy covers real or personal property of the type insured under this Policy for the perils insured under this Policy that is rented, leased, or purchased by the Insured after the inception date of this Policy. Coverage under this additional coverage ceases at the earlier of the following dates:
  1. See Section I.E.20 from the date of acquisition or lease of such property; or
  2. When the newly acquired location is bound by the Companies; or
  3. AmRisc notifies the Insured that it will not bind the newly acquired location.

There is no coverage for any property that is partially or wholly insured under any other insurance.

Coverage is excluded for damage due to any **Named Storm** in force at the time the property is rented, leased or purchased.

There is no coverage under this Paragraph for loss or damage which is covered under the Error or Omissions or **Miscellaneous Unnamed Locations** provisions of this Policy.

- L. PAIRS OR SETS: If two or more components or parts are necessary for a whole or complete product, then this Policy covers the reduction in value of insured components or parts of products due to direct physical loss or damage insured against by this Policy to the other insured components or parts of such products.
- M. PROFESSIONAL FEES: This Policy is extended to covered reasonable and necessary "Claim Preparation Costs" (as defined below) incurred by the Insured at the request of the Companies for the purpose of determining the extent or amount of insured loss or damage as a result of a Covered

Cause of Loss under this Policy, provided that, the Insured obtains the prior written approval of the Companies for the vendor to be engaged by the Insured.

Claim Preparation Costs means:

1. The cost of taking inventory and the cost of gathering and preparing other data to substantiate the extent or amount of loss or damage; and
2. The cost of services provided by accountants, contractors and engineers solely for purpose of determining the extent or amount of loss.

Claim Preparation Costs does not mean and does not include:

1. Legal fees, charges and expenses;
2. Fees and costs of a public claims adjuster, claim consultant, insurance broker or agent (except forensic accounting services), or any person acting for or on behalf of a public claims adjuster, claim consultant, or insurance broker or agent;
3. Costs associated with negotiation or presentation of any claim or part of a claim that the Companies have advised the Insured is disputed or denied;
4. Costs associated with establishing that any claim or part of a claim is covered by the Policy; or
5. Costs which represent overhead or operating expense of any Insured, including salaries of such Insured's employees.

N. **PROPERTY REMOVED FROM INSURED LOCATIONS:** This Policy covers direct physical loss or damage to personal property of the Insured by a Covered Cause of Loss at any **Location** within the Coverage Territory when removed from the insured **Locations** for the purpose of being repaired or serviced, excluding:

1. Personal property insured under another policy or floater;
2. Personal property excluded under this Policy; or
3. Personal property removed from the insured Locations for normal storage or processing or preparation for sale or delivery.

O. **SERVICE INTERRUPTION:** This Policy is extended to cover the loss or damage to Covered Property resulting from direct physical loss or damage from a Covered Cause of Loss to: (1) incoming electrical, gas, water and telecommunication equipment and outgoing sewer; or (2) electrical, telecommunication, fuel, water, steam, refrigeration, or other service transmission lines, all situated outside the insured Locations.

There shall be no loss payable under this Additional Coverage unless the interruption exceeds the qualifying period shown in Section I.E.23. In such case, the loss shall be measured from date and time of the loss.

P. **SPOILAGE:** This policy is extended to cover spoilage as a direct result of a Covered Cause of Loss and subject to the additional exclusions listed below. The Companies shall be liable for direct Physical loss or damage to:

1. Perishable goods due to spoilage;
2. Perishable goods due to contamination from the release of refrigerant, including but not limited to ammonia;

3. Perishable goods due to spoilage caused by a Covered Cause of Loss to equipment that is owned by a utility, landlord, or other supplier of any of the following services: electrical power, communications, waste disposal, air conditioning, refrigeration, heating, gas, air, water or steam.

If the Insured is unable to replace the perishable goods before its anticipated sale, payment will be determined on the basis of the sales price of the perishable goods at the time of the loss, less discounts and expenses that otherwise would have been incurred. Otherwise, payment will be determined in accordance with the Valuation provision of this Policy.

Perishable Goods means personal property:

1. maintained under controlled conditions for its preservation, and
2. susceptible to loss or damage if the controlled conditions change.

Additional Exclusions: The Companies shall not be liable 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.

- Q. TRANSIT: This Policy is extended to cover personal property, not otherwise excluded by this Policy, while such property is in transit.

It is agreed that coverage under this extension shall include the following:

1. Personal property shipped to customers on F.O.B., C & F, or similar terms. The Insured's contingent interest in such shipments is admitted.
2. The interest of the Insured in, and legal liability for, personal property of others in the actual or constructive custody of the Insured.
3. Personal property of others sold by the Insured which the Insured has agreed prior to loss to insure during course of delivery.

It is agreed that the following additional exclusions apply to coverage as provided under this additional coverage:

1. Samples in the custody of salespersons or selling agents.
2. Property insured under import or export ocean cargo policies.
3. Waterborne shipments to and from the United States or to and from Alaska and Hawaii.
4. Shipments made by air unless via regularly scheduled airlines.
5. Property shipped by mail.
6. Property of others, including the Insured's legal liability therefore, hauled on vehicles owned, leased, or operated by the Insured when acting as a common or contract carrier as defined by the Interstate Commerce Commission Regulations or other state regulatory agencies.
7. Any transporting vehicle or conveyance.

This additional coverage attaches from the time the property leaves the original point of shipment for the commencement of transit and covers thereafter continuously in the due course of transit within the Coverage Territory until delivered at destination.

Coverage on export shipments not insured under ocean cargo policies does not extend beyond the time when the property is loaded on board overseas vessels or aircraft. Coverage on import shipments not insured under ocean cargo policies does not attach until after discharge from overseas vessels or aircraft.

This additional coverage does not cover or apply to delay, loss of market, or any Time Element coverage.

Permission is granted to the Insured without prejudice to this insurance to accept the ordinary bills of lading used by carriers, including released and/or undervalued bills of lading and/or shipping or messenger receipts. The Insured may waive subrogation against railroads under sidetrack agreements, but the Insured shall not enter into any special agreement with carriers releasing them from their common law or statutory liability.

- R. **VALUABLE PAPERS AND RECORDS:** This Policy is extended to cover **Valuable Papers** and **Records**.

#### **SECTION VII - CONDITIONS**

- A. **ABANDONMENT:** There can be no abandonment to the Companies of any property.
- B. **ADJUSTMENT OF LOSSES and FIRST NAMED INSURED CLAUSE:** Loss or damage shall be adjusted with and payable to the First Named Insured, subject to any Certificates of Insurance on file with AmRisc which require payment to a loss payee or mortgagee.

If this Policy insures more than one entity, the First Named Insured is authorized to act on behalf of all other Insureds with respect to their rights, obligations and duties under this Policy. Payment of loss or return premium under this Policy to the First Named Insured shall satisfy the Companies' obligations with respect to all Insureds.

- C. **ARBITRATION CLAUSE:** All matters in difference between the Insured and the Companies (hereinafter referred to as "the parties") in relation to this insurance, including its formation and validity, and whether arising during or after the period of this insurance, shall be referred to an Arbitration Tribunal in the manner hereinafter set out.

Unless the parties agree upon a single Arbitrator within thirty days of one receiving a written request from the other for Arbitration, the Claimant (the party requesting Arbitration) shall appoint his Arbitrator and give written notice thereof to the Respondent. Within thirty days of receiving such notice, the Respondent shall appoint his Arbitrator and give written notice thereof to the Claimant, failing which the Claimant may nominate an Arbitrator on behalf of the Respondent.

Should the Arbitrators fail to agree, they shall appoint, by mutual agreement only, an Umpire to whom the matter in difference shall be referred.

Unless the parties otherwise agree, the Arbitration Tribunal shall consist of persons employed or engaged in a senior position in Insurance underwriting or claims.

The Arbitration Tribunal shall have power to fix all procedural rules for the holding of the Arbitration including discretionary power to make orders as to any matters which it may consider proper in the circumstances of the case with regard to pleadings, discovery, inspection of documents,

examination of witnesses and any other matter whatsoever relating to the conduct of the Arbitration and may receive and act upon such evidence whether oral or written strictly admissible or not as it shall in its discretion think fit.

All costs of the Arbitration shall be in the discretion of the Arbitration Tribunal who may direct to and by whom and in what manner they shall be paid.

The seat of the Arbitration shall be in New York and the Arbitration Tribunal shall apply the law of New York as the proper law of this insurance.

The Arbitration Tribunal may not award exemplary, punitive, multiple or other damages of a similar nature.

The award of the Arbitration Tribunal shall be in writing and binding upon the parties who covenant to carry out the same. If either of the parties should fail to carry out any award the other may apply for its enforcement to a court of competent jurisdiction in any territory in which the party in default is domiciled or has assets or carries on business.

**D. CLAIMS REPORTING AND ADJUSTMENT:**

All Claims shall be reported to: AmRisc Claims Department  
E-Mail: [claims@amrisc.com](mailto:claims@amrisc.com)  
Ph: 252-247-8760  
Fax: 252-726-2855

All Claims shall be adjusted by: Cramer, Johnson & Wiggins  
1420 Edgewater Drive, Suite 101 Orlando, FL 32804

and/or its assigned adjusters and the costs of such adjustments shall be borne by each Company in proportion to its pro-rata participation in this policy.

In the event the Company(s) elects to use its own adjusters or independent adjusters or consultants other than as listed above, expenses so incurred shall be borne solely by the Company.

It is further understood and agreed that, notwithstanding any provision contained elsewhere in this policy to the contrary, the Insured will be deemed to be in full compliance with any claim notice requirements, if notice of an occurrence is made to the Company[s] as soon as practicable after knowledge by the Insured or their representatives, that such occurrence will, or is likely to result in a claim under the policy. Any unintentional failure to report any occurrence or claim shall not invalidate coverage with respect to any such occurrence or claim.

**E. ASSIGNMENT:** The Insured may not assign this Policy without the Companies' prior written consent.

**F. BRANDS AND LABELS:** If branded or labeled merchandise covered by this Policy is physically damaged and the Companies elect to take all or any part of such merchandise at the value established by the terms of this Policy, the Insured may, at their own expense, stamp "SALVAGE" on the merchandise or its containers, or may remove or obliterate the brands or labels, if such stamp, removal or obliteration will not physically damage the merchandise, but the Insured must re-label the merchandise or containers in compliance with the requirements of law.

**G. CANCELLATION AND ADDITIONS OR DELETIONS:**

1. This Policy can be canceled by the First Named Insured by providing the Companies with:

- a. An advanced written request for cancellation stating when the cancellation shall be effective, and
  - b. The original Policy or a lost policyholder release signed by the First Named Insured or its legal representative.
2. This Policy may be canceled by the Companies by giving to the Insured at least ninety (90) days written notice of cancellation or in the case of non-payment of premium or material mis-statement, at least ten (10) days written notice of cancellation.
  3. The cancellation will be effective even if the Companies have not made or offered a refund. If notice is mailed, proof of mailing will be sufficient proof of notice.
  4. If this Policy is canceled, the Companies will send the First Named Insured any premium refund due.
  5. Earned Premium:
    - a. For **Locations** NOT "Exposed to Hurricanes", if the Insured cancels this Policy or removes a **Location**, the short rate return premium is 90% of applicable pro-rata premium subject to any Minimum Earned Premium stipulations in the Policy.
    - b. For **Locations** "Exposed to Hurricanes", if the Insured cancels this Policy, removes a **Location** or reduces the amount of insurance on a **Location** and coverage existed any time during the period of June 1st to November 1st, the amount of premium the Companies will return will be the Unearned Premium for the **Location**. The Unearned Premium is the **Location** premium times the Unearned Factor noted below:

Days Policy in Force	Unearned Factor
1-180	20.0%
181-210	15.0%
211-240	10.0%
241-270	7.5%
271-300	5.0%
301-330	2.5%
331 or more	0%

However, subject to receipt of closing documents within 30 days of closing, this Policy allows pro-rata return premium for locations sold (but not for loss of management contract), subject to a maximum of 25% of scheduled values.

If a **Location** "Exposed to Hurricanes" is added (or coverage increased at an existing **location** which is "Exposed to Hurricanes") during the term of the Policy and coverage exists at any time during the period of June 1st to November 1st, the premium will be calculated at 100% of the annual rate, less the Unearned Factor noted in No. b. above. Otherwise, it shall be pro-rata.

However, subject to receipt of closing documents, this Policy allows pro-rata additional premium for **Locations** purchased during the policy term.

**Locations** of like kind and quality shall be added at the account rate. **Locations** of differing kind or quality or locations in Dade, Broward or Palm Beach counties of Florida must be approved by AmRisc prior to attachment.

If a **Location** is "Exposed to Hurricanes", the provisions of this clause replace any short rate provisions stipulated in this Policy, all subject to the Minimum Earned Premium provisions.

"Exposed to Hurricanes" is defined to include any Location within 100 miles of the closest salt water of the Atlantic Ocean or the Gulf of Mexico.

- c. Coverage cannot be increased nor additional **Locations** added if they are "Exposed to Hurricanes" and a Named Storm is in force, unless with the expressed written consent of AmRisc.
  - d. Nothing herein will act to provide coverage outside the automatic acquisition clause elsewhere in the Policy.
  - e. Non-payment of premium, material misstatement or non-compliance with underwriting requirements shall be considered a request by the Insured to cancel the Policy.
  - f. Proof of mailing will be sufficient proof of notice of cancellation.
- H. CONTROL OF DAMAGED MERCHANDISE: The Insured, exercising reasonable discretion, shall be the sole judge as to whether the goods involved in any loss under this Policy are fit for normal intended use or consumption. No goods so deemed by the Insured to be unfit for consumption shall be sold or otherwise disposed of except by the Insured or with the Insured's consent, but the Insured shall allow the Companies any salvage obtained by the Insured on any sale or other disposition of such goods. The Insured shall have full right to the possession of and retain control of all goods involved in any loss under this Policy.
- I. CURRENCY: Any amount of money specified in the Policy, including Limits of Liability, Deductibles and Premiums shall be considered to be in the currency of the country in which the property is located. However, if the risk is located in a country other than the United States or Canada, then the Limits of Liability, Deductibles and Premiums specified shall be in United States funds.
- J. DIVISIBLE CONTRACT: Subject to Condition L., if the **Locations** described in this Policy include two or more **buildings** or the contents of two or more **buildings**, the breach of any condition of this Policy in respect to any one or more of the **buildings** insured or containing the Covered Property, shall not prejudice the right to recover for physical loss or damage occurring in any **building** insured or containing the Covered Property where, at the time of such loss or damage, a breach of condition does not exist.
- K. INSPECTION AND AUDIT: The Companies, at all reasonable times during this Policy period, shall be permitted but not obligated to inspect the property insured by this Policy. Neither the Companies' right to make inspections nor the making thereof nor any report thereon shall constitute any undertaking by the Companies, on behalf of or for the benefit of the Insured or others, to determine or warrant that such property is safe or healthful or that they comply with any law, rule or regulation.

The Companies may also examine and audit the Insured's books and records at any reasonable time during the Policy period and within one year after the Policy termination, as long as such examination and audit relate to the subject matter of this Policy.

- L. MISREPRESENTATION AND FRAUD: This entire Policy shall be void if, whether before or after a loss, the Insured has willfully concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof, or the interest of the Insured therein, or in case of any fraud, or false swearing by the Insured relating thereto.
- M. OTHER INSURANCE/EXCESS INSURANCE/UNDERLYING INSURANCE: In the event there is other insurance covering loss or damage insured under this Policy, then this Policy shall apply only as excess and in no event as contributory insurance (unless this Policy is specifically written to be contributory insurance), and then only after all other insurance has been exhausted, whether or not such insurance is collectible. Permission is granted for the Insured to purchase Excess Insurance over the limits provided by this Policy, and underlying insurance on all or any part of the deductibles of this Policy.
- N. PROTECTION AND PRESERVATION OF PROPERTY:

In case of actual or imminent physical loss or damage by a Covered Cause of Loss, the expenses incurred by the Insured in taking reasonable and necessary actions for the temporary protection and preservation of Covered Property hereunder shall be added to the total physical loss or damage otherwise recoverable under this Policy and be subject to the applicable deductible, sublimit of liability and the Policy Limit.

- O. REINSTATEMENT OF LIMITS: Except for any Covered Cause of Loss which is subject to an annual aggregate limit or sublimit of liability, payment of a claim will not reduce the amount payable under this Policy for any subsequent covered loss.

- P. REQUIREMENTS IN CASE OF LOSS: The Insured shall:

1. Give immediate written notice of any loss or damage to AmRisc;
2. Promptly contact the applicable authority having jurisdiction in the event a law has been broken, and promptly file a written report with such authority;
3. Protect the property from further loss or damage;
4. Separate the damaged and undamaged personal property;
5. Maintain such property in the best possible order;
6. Furnish a complete inventory of the lost, destroyed, damaged and undamaged property, showing in detail quantities, costs, actual cash value and amount of loss claimed;
7. Furnish all other documents or insurance policies that the Companies may reasonably require;
8. Allow the Companies to access and inspect any of the damaged or undamaged property; and
9. Submit to examination under oath at such times as may be reasonably required about any matter relating to this insurance or any claim;

Within ninety (90) days after the loss, unless such time is extended in writing by the Companies, the Insured shall provide the Companies with a proof of loss, signed and sworn to by the Insured, stating the knowledge and belief of the Insured as to the following:

1. The time and origin of the loss;
2. The interest of the Insured and of all others in the property;
3. The value of each item thereof determined in accordance with the Valuation Provisions of this Policy and the amount of loss thereto and all encumbrances thereon;
4. All other contracts of insurance, whether collectible or not, covering any of said property; and
5. Any changes in the title, use, occupation, location, possession or exposures of said property subsequent to the issuance of this Policy, by whom and for what purpose any building herein described and the several parts thereof were occupied at the time of loss whether or not it then stood on leased ground.

- Q. **REVIEW OF VALUES:** The Insured shall provide AmRisc at Policy inception and each subsequent anniversary date of this Policy, a Statement of Values which consists of the current 100% Property and Time Element values for all insured **Locations**.

Such values shall be reported separately for each **Location**, with separate figures shown for each type of coverage at each **Location**. The property values shall be shown on a Replacement Basis for property which is covered on a Repair or Replacement Basis and on an **Actual Cash Value** basis for other property. The value of stock and supplies to be included in the property values shall be in accordance with the Valuation clause contained in this Policy and shall be based on the approximate average of the stock and supplies on hand during the twelve months immediately preceding the annual review of values. Time Element values (if applicable) shall be provided in accordance with the terms of the applicable Time Element provisions.

Upon inception and at each anniversary date of this Policy, the Annual Premium shall be due and payable to AmRisc. Receipt of said values by AmRisc shall be considered as authorization by the Insured for premiums under this Policy to be calculated.

The premium for this Policy is based upon the Statement of Values on file with AmRisc, or attached to this Policy.

- R. **SALVAGE AND RECOVERIES:** All salvages, recoveries and payments, excluding proceeds from subrogation and underlying insurance recovered or received prior to a loss settlement under this Policy, shall reduce the loss accordingly.
- S. **SETTLEMENT OF CLAIMS:** The amount of loss for which the Companies may be liable shall be payable within thirty (30) days after proof of loss, as herein required, is received and accepted by the Companies and ascertainment of the amount of loss is made either by agreement between the First Named Insured and the Companies or an amount is determined by binding Appraisal in accordance with the provisions of this Policy.

The Companies shall have the option to take all, or any part of the property at the agreed or appraised value, or to repair, rebuild or replace the property physically lost or damaged with other of like kind and quality, within a reasonable time, on giving notice of its intention to do so within sixty (60) days after receipt of the proof of loss herein required.

- T. **SUBROGATION:** The Companies may require from the Insured an assignment of all right of recovery against any party for loss to the extent that payment therefore is made by the Companies, but the Companies shall not acquire any rights of recovery which the Insured has expressly waived in writing prior to loss nor shall such waiver in writing affect the Insured's rights under this Policy.

Any recovery as a result of subrogation proceedings arising out of an Occurrence, after expenses incurred in such subrogation proceedings are deducted, shall accrue to the Insured in the proportion

that the deductible amount and/or any provable uninsured loss amount bears to the entire provable loss amount.

The Insured will cooperate with the Companies and, upon the Companies' request and expense will:

1. Attend hearings and trials; and
2. Assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses, and conducting suits.

U. **SUIT AGAINST COMPANIES:** No suit, action or proceeding for the recovery of any claim under this Policy shall be sustainable in any court of law or equity unless the Insured shall have fully complied with all the requirements of this Policy, nor unless the same be commenced within twelve (12) months next after the date of the loss, provided however, that if under the laws of the jurisdiction in which the property is located such time limitation is invalid, then any such claims shall be void unless such action, suit or proceedings is commenced within the shortest limit of time permitted by the laws of such jurisdiction.

V. **JOINT LOSS AGREEMENT:** In the event the insurance company, if any, providing boiler and machinery insurance disputes any portion of the claim made against that insurance company, but these Companies believe the boiler and machinery policy should have paid that portion of the claim, then these Companies shall, upon written request of the Insured, pay to the Insured one-half of the amount of the loss which is in disagreement, but in no event more than these Companies would have paid if there had been no boiler and machinery policy(ies) in effect, subject to the following conditions:

- A. The amount of the loss which is in disagreement, after making provisions for any undisputed claims payable under the said policies and after the amount of the loss is agreed upon by the Insured and all of the insurers, is limited to the minimum amount remaining payable under the boiler and machinery policy(ies);
- B. The boiler and machinery insurer(s) shall simultaneously pay to the Insured one-half of said amount which is in disagreement;
- C. The payments by all of the insurers hereunder and acceptance of the same by the Insured signify the agreement of all the insurers to submit to and proceed with arbitration within 90 days of such payments; the arbitrators shall be three in number, one of whom shall be appointed by the Property insurer(s) and one of whom shall be appointed by the Boiler and Machinery insurer(s) and the third shall be appointed with the consent of the other two insurers, and the decision by the arbitrators shall be binding upon the insurers and that judgment upon such award may be entered in any court of competent jurisdiction;
- D. The Insured agrees to cooperate in connection with such arbitration but not to intervene therein;
- E. The provisions of this endorsement shall not apply unless such other policy(ies) issued by the Boiler and Machinery insurance company(ies) is similarly endorsed;
- F. Acceptance by the Insured of sums paid pursuant to the provisions of this clause, including an arbitration award, shall not operate to alter, waive, surrender, or in any way affect the rights of the Insured against any of the insurers.

W. TERRITORIAL LIMITATIONS: Payment of loss under this Policy shall only be made in full compliance with all United States of America economic or trade sanction laws or regulations, including, but not limited to, sanctions, laws and regulations administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC").

X. SEVERAL LIABILITY NOTICE

LMA5096 03/08 (Combined Certificate) - amended

The liability of an insurer under this Policy is several and not joint with other insurers party to this Policy. An insurer is liable only for the proportion of liability it has underwritten. An insurer is not jointly liable for the proportion of liability underwritten by any other insurer. Nor is an insurer otherwise responsible for any liability of any other insurer that may underwrite this Policy.

The proportion of liability under this Policy underwritten by an insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown in this Policy.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is an insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other insurer that may underwrite this Policy. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA United Kingdom. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address. Although reference is made at various points in this clause to "this Policy" in the singular, where the circumstances so require this should be read as a reference to Policies in the plural.

Wherever the word Insurers is mentioned in this clause, this is deemed to also mean reinsured in respect of reinsurance business.

Y. TITLES OF PARAGRAPHS: The titles of the various paragraphs of this Policy (and of endorsements included in this Policy) are solely for reference and shall not in any way affect the provisions to which they relate.

### SECTION VIII - POLICY DEFINITIONS

A. **Actual Cash Value:** The following is added to any provision which uses the term Actual Cash Value:

Actual Cash Value is calculated as the amount it would cost to repair or replace Covered Property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence. Actual Cash Value applies to valuation of Covered Property regardless of whether that property has sustained partial or total loss or damage.

The Actual Cash Value of the lost or damaged property may be significantly less than its replacement cost.

B. **Aircraft or Vehicle Impact** means only physical contact of an aircraft, spacecraft, self-propelled missile, or objects falling therefrom, or vehicle or an object thrown up by a vehicle.

C. **Building:** Building is defined as a fully enclosed permanent structure with walls and a continuous roof.

- D. **Collapse** means an abrupt falling down or caving in of a **building** or any part of a **building** with the result that the **building** or part of the **building** cannot be occupied for its current intended purpose.
- E. **Companies**: The following words shall be synonymous with each other: "Underwriters", "Insurers" and "Companies"
- F. **Defined Cause of Loss** means Fire, Lightning, **Explosion, Windstorm or Hail, Smoke, Aircraft or Vehicle Impact, Riot, Strike or Civil Commotion, Vandalism and Malicious Mischief, or Leakage From Fire Protection Equipment.**
- G. **Earth Movement** means any natural or manmade:
1. Earthquake, including any earth sinking, rising or shifting related to such event;
  2. Landslide, including any earth sinking, rising or shifting related to such event;
  3. Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
  4. Earth sinking, rising or shifting, including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.
  5. Shocks, tremors, mudslide, mud flow, rock falls, volcanic eruption, sinkhole collapse, tsunami, subsidence or any other Earth Movement.
- H. **Earth Movement Counties**: As referenced in this Policy, designated Earthquake Zones shall be defined as all Locations situated within the States or Counties as specified below:
1. **Pacific Northwest States**:  
Oregon and Washington
  2. **New Madrid Earthquake Zone Counties**:  
Arkansas: Arkansas, Clay, Cleburne, Conway, Craighead, Crittenden, Cross, Desha, Faulkner, Fulton, Independence, Izard, Greene, Jackson, Jefferson, Lawrence, Lee, Lincoln, Lonoke, Mississippi, Monroe, Phillips, Prairie, Poinsett, Pulaski, Randolph, Sharp, St. Francis, Stone, Van Buren, White, Woodruff  
  
Illinois: Alexander, Bond, Calhoun, Christian, Clark, Clay, Clinton, Coles, Crawford, Cumberland, Edwards, Effingham, Fayette, Franklin, Gallatin, Greene, Hamilton, Hardin, Jackson, Jasper, Jefferson, Jersey, Johnson, Lawrence, Macoupin, Madison, Marion, Massac, Monroe, Montgomery, Moultrie, Perry, Pope, Pulaski, Randolph, Richland, Saline, Shelby, St. Clair, Union, Wabash, Washington, Wayne, White, Williamson  
  
Indiana: Daviess, Dubois, Gibson, Knox, Perry, Pike, Posey, Spencer, Sullivan, Vanderburgh, Warrick  
  
Kentucky: Ballard, Caldwell, Calloway, Carlisle, Christian, Crittenden, Daviess, Fulton, Graves, Hancock, Henderson, Hickman, Hopkins, Livingston, Lyon, Marshall, McCracken, McLean, Muhlenberg, Ohio, Todd, Union, Webster

Mississippi: Alcorn, Benton, Bolivar, Coahoma, De Soto, Lafayette, Marshall, Panola, Quitman, Sunflower, Tallahatchie, Tate, Tippah, Tunica, Union

Missouri: Bollinger, Butler, Cape Girardeau, Carter, Crawford, Dent, Dunklin, Franklin, Howell, Iron, Jefferson, Lincoln, Madison, Mississippi, New Madrid, Oregon, Pemiscot, Perry, Reynolds, Ripley, Scott, Shannon, St. Charles, St. Francois, St. Louis City, Ste. Genevieve, Stoddard, Warren, Washington, Wayne

Tennessee: Benton, Carroll, Chester, Crockett, Decatur, Dickson, Dyer, Fayette, Gibson, Hardeman, Hardin, Haywood, Henderson, Henry, Hickman, Houston, Humphreys, Lake, Lauderdale, Madison, McNairy, Montgomery, Obion, Perry, Shelby, Stewart, Tipton, Weakley

- I. **Electronic Data and Media** means data, messages, information, coding, programs, instructions or any other software stored on electronic, electromechanical, electromagnetic data processing or electronically controlled production equipment and distributed by means of a computer network or is produced in a format for use with a computer.
- J. **Equipment Breakdown** means:
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 the Insured, or operated under the control of the Insured;
  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.
- K. **Explosion:** Explosion does not include loss or damage occasioned by or incident to explosion in or of the following equipment owned, operated or controlled by the Insured:
1. Steam boiler, steam turbines, steam engines, and steam pipes interconnecting any of the foregoing;
  2. Moving or rotating machinery or parts thereof when such direct loss or damage is caused by centrifugal force or mechanical breakdown;
  3. Combustion gas turbines;
  4. Any products manufactured by the Insured or other property attached thereto or forming or to form a part thereof undergoing pressure tests to the extent of the loss to such property.

Explosion will include loss or damage arising or resulting from:

1. The explosion of accumulated combustible gases or unconsumed fuel within the furnace of a boiler or pressure vessel, other than combustion gas turbines, or within the flues or passages which conduct the gases of combustion therefrom;
2. A combustion explosion outside of any equipment excluded above even though such combustion explosion may have been the direct result of the explosion or such excluded equipment.

The following are not explosions within the intent or meaning of this definition:

1. Electric arcing or any coincident rupture of electrical equipment due to such arcing;
2. Bursting or rupture caused by freezing;
3. Sonic shock waves, generally known as Sonic Boom;
4. Bursting, rupture or collapse of any safety disc, rupture diaphragm or fusible link.

L. **Exterior Insulation and Finish Systems (EIFS):** Exterior Insulation and Finish Systems (EIFS) are multi-layered exterior wall systems. EIFS is a wall cladding or exterior finish system using insulation board and a reinforced polymer-based (synthetic) cement coating. For a more detailed description, refer to website <http://www.eima.com>

M. **Flood** means, whether natural or manmade, Flood waters, surface water, waves, tide or tidal water, overflow or rupture of a dam, levy, dike, floodgates, or other surface containment structure, storm surge, the rising, overflowing or breaking of boundaries of natural or manmade bodies of water, or the spray from any of the foregoing, all whether driven by wind or not.

N. **Fungus, Mold(s), Mildew, Spores Or Yeast:**

Fungus includes, but is not limited to, any of the plants or organisms belonging to the major group fungi, lacking chlorophyll, and including mold(s), rusts, mildews, smuts and mushrooms.

Mold includes, but is not limited to, any superficial growth produced on damp or decaying organic matter or on living organisms, and fungi that produce mold(s).

Spore means any dormant or reproductive body produced by or arising or emanating out of any fungus, mold(s), mildew, plants, organisms or microorganisms.

O. **Hurricane:** A hurricane is a storm system that has been declared to be a Hurricane by the National Hurricane Center of the National Weather Service.

P. **Land** means land (except land for which values are reported and premiums are charged hereunder), such as dikes, levees, and other surface containment structures. Surface containment structures are not land to a depth of six inches below such surface containment structures.

Q. **Leakage From Fire Protection Equipment** means direct physical loss or damage from:

1. Water or other substances discharged from within any part of the Fire Protection Equipment for the Insured Location or for any adjoining Locations;
2. Collapse or fall of tanks forming a part of the Fire Protection Equipment or the component parts or supports of such tanks.

The term **Fire Protection Equipment** includes tanks, water mains, hydrants or valves, and any other equipment whether used solely for fire protection or jointly for fire protection and for other purposes, but does not include:

1. Branch piping from a joint system where such branches are used entirely for purposes other than fire protection;
2. Any underground water mains or appurtenances located outside of the insured Location and forming a part of the public water distribution system;
3. Any pond or reservoir in which the water is impounded by a dam.

- R. **Location** means the location as specified in the Statement of Values, but if not so specified, location means any building, yard, dock, wharf, pier or bulkhead or any group of the foregoing bounded on all sides by public streets, clear **Land** space or open waterways, each not less than two hundred feet wide. Any bridge or tunnel crossing such street, space or waterway shall render such separation inoperative for the purpose of this definition.
- S. **Miscellaneous Unnamed Location(s)** means a location that has not been included in the Statement of Values on file with AmRisc and has not been reported to AmRisc as may be required in the Policy provisions elsewhere.

There is no coverage under this Paragraph for loss or damage which is covered under the Error or Omissions or Newly Acquired Property provisions of this Policy.

- T. **Named Storm:** The term "Named Storm" shall include, but not be limited to, storm, cyclone, typhoon, atmospheric disturbance, depression or other weather phenomena designated by the US National Hurricane Center and where a name (and not only a number) has been applied.
- U. **Occurrence** means any one loss, disaster, casualty, incident or series of losses, disasters, casualties or incidents, not otherwise excluded by this Policy and arising out of a single event or originating cause and includes all resultant or concomitant insured losses. The **occurrence** must occur during the policy period.

If more than one event for **Windstorm & Hail, Named Storm, Riot Strike Or Civil Commotion, Vandalism & Malicious Mischief, Earth Movement or Flood** covered by this Policy occurs within any period of seventy-two (72) hours during the term of this Policy, such covered events shall be deemed to be a single **Occurrence**. When filing proof of loss, the Insured may elect the moment at which the 72 hour period shall be deemed to have commenced, which shall not be earlier than the time when the first loss occurs to the Covered Property.

- V. **Pollutants or Contaminants** means any solid, liquid, gaseous or thermal irritant or contaminant, including smog, smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste, which after its release can cause or threaten damage to human health or human welfare or causes or threatens damage, deterioration, loss of value, marketability or loss of use to property insured hereunder, including, but not limited to, bacteria, virus, or hazardous substances as listed in the Federal Water, Pollution Control Act, Clean Air Act, Resource Conservation and Recovery Act of 1976, and Toxic Substances Control Act or as designated by the U. S. Environmental Protection Agency. Waste includes materials to be recycled, reconditioned or reclaimed.
- W. **Riot, Strike or Civil Commotion** means riot and civil commotion including:
1. Acts of striking employees while occupying the insured Location; and
  2. Pilferage or looting occurring at the time and place of a riot or civil commotion.
- X. **Smoke** means loss or damage ensuing from a sudden and accidental release of Smoke. The peril of Smoke does not include loss or damage caused by Smoke from agricultural smudging or industrial operations.
- Y. **Total Insurable Values:** The Total Insurable Values shall include all values (Including Real & Personal Property and Time Element) reported on the Statement of Values on file with AmRisc.
- Z. **Valuable Papers and Records** means documents that are written, printed or otherwise inscribed. These include:
1. Books, manuscripts, abstracts, maps and drawings; film and other photographically produced records, such as slides and microfilm;

2. Legal and financial agreements such as deeds and mortgages;
3. Addressograph plates; and
4. Any electrically produced data such as printouts, punched cards, tapes or discs.

**Valuable Papers and Records** does not mean money and securities and converted data, programs or instructions used in data processing operations, including the materials on which the data is stored.

**AA. Vandalism and Malicious Mischief** means willful and malicious damage to, or destruction of, Covered Property. Vandalism and Malicious Mischief does not include loss or damage caused by or resulting from theft, except for real property loss or damage caused by the breaking or exiting of burglars.

**BB. Warranty:**

1. "Warranty" means any provision of an insurance contract which has the effect of requiring, as a condition precedent of the taking effect of such contract or as a condition precedent of the Companies' liability hereunder, the existence of fact which tends to diminish, or the non-existence of a fact which tends to increase, the risk of the occurrence of loss or damage within the coverage of the contract.
2. A breach of warranty shall not avoid an insurance contract or defeat recovery hereunder unless such breach materially increases the risk of loss, damage or injury within the coverage of the contract. If the insurance contract specified two or more distinct kinds of loss, damage or injury which are within its coverage, a breach of warranty shall not avoid such contract or defeat recovery hereunder with respect to any kind of loss, damage or injury other than the kind or kinds to which such warranty relates and the risk of which is materially increased by the breach of such warranty.

**CC. Windstorm or Hail:** Direct action of wind or by the direct action of hail, whether accompanied by wind or not, but no liability is assumed under this peril for loss or damage caused by or resulting from frost or cold weather, ice (other than hail), snow or sleet, whether driven by wind or not.

**EQUIPMENT BREAKDOWN SCHEDULE AND COVERAGE**

Equipment Breakdown is subject to the Limits of Liability shown in the Commercial Property Compass Form, except as specifically shown below.

These coverages apply to all locations covered on the policy, unless otherwise specified.

**EQUIPMENT BREAKDOWN COVERAGE SCHEDULE**

<b>Coverages</b>	<b>Limits</b>
*****	
Equipment Breakdown Limit	\$Per Statement of Values on file with AmRisc; however, not to exceed \$50,000,000 per Occurrence
Time Element	\$Not Covered
Expediting Expenses	\$100,000
Hazardous Substances	\$100,000
Spoilage	\$100,000
Data Restoration	\$100,000
Service Interruption	\$Included in Time Element and/or Spoilage.
Contingent Time Element	\$100,000
Property Removed from Insured Locations	\$100,000

**Deductibles**

*****	
Combined, All Coverages	\$Per Property Deductibles
Direct Coverages	\$N/A
Indirect Coverages	\$N/A or N/A hours or N/A times ADV
Spoilage	\$N/A or N/A% of loss, \$N/A minimum

**Other Conditions**

N/A

## EQUIPMENT BREAKDOWN COVERAGE

A. The following is added to Section VI - ADDITIONAL COVERAGES:

### **Additional Coverage-- Equipment Breakdown**

The term Covered Cause of Loss includes the Additional Coverage Equipment Breakdown as described and limited below.

1. This policy covers direct physical damage to Covered Property that is the direct result of an **Accident**. As used in this Additional Coverage, **Accident** means a fortuitous event that causes direct physical damage to **Covered Equipment**. The event must be one of the following:
  - a. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
  - b. Artificially generated electrical current, including electric arcing, that disturbs Electrical devices, appliances or wires;
  - c. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by the Insured, or operated under the control of the Insured;
  - d. Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
  - e. Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.
2. Unless otherwise shown in the Equipment Breakdown Coverage Schedule (hereinafter "Schedule"), the following coverages also apply to the direct result of an **Accident**. These coverages do not provide additional amounts of insurance.
  - a. **Expediting Expenses**  
With respect to the Insured's damaged Covered Property, this policy covers reasonable extra cost to:
    - (1) Make temporary repairs; and
    - (2) Expedite permanent repairs or permanent replacement.The Companies shall not be liable for more than \$100,000 for loss or expense under this coverage unless otherwise shown in the Schedule.
  - b. **Hazardous Substances**  
The Companies will pay for the 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.  
This does not include contamination of perishable goods (as described under Additional Coverage VI.P. Spoilage, in the Commercial Property Compass Form) by refrigerant, including but not limited to ammonia. 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.  
The Companies shall not be liable for more than \$100,000 for loss or expense under this coverage, including actual loss of Gross Earnings sustained and necessary Extra Expense incurred, unless otherwise shown in the Schedule.
  - c. **Spoilage**  
The insurance provided under this policy for Spoilage is extended to the coverage provided by this endorsement.  
The Companies shall not be liable for more than \$100,000 for loss or expense under this coverage unless otherwise shown in the Schedule.
  - d. **Data Restoration**  
The Companies will pay for the Insured's reasonable and necessary cost to research, replace and restore lost **Electronic Data and Media**.  
The Companies shall not be liable for more than \$100,000 for loss or expense under this coverage, including actual loss of Gross Earnings sustained and necessary Extra Expense incurred, unless otherwise shown in the Schedule.

- e. **Service Interruption**
  - (1) Any insurance provided for Time Element is extended to apply to your loss, damage or expense caused by the interruption of utility services. The interruption must result from an Accident to equipment, including overhead transmission lines, that is owned by a utility, landlord, a landlord's utility or other supplier who provides the Insured with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks or data transmission. The equipment must meet the definition of **Covered Equipment** except that it is not Covered Property.
  - (2) Unless otherwise shown in the Schedule, this coverage will not apply unless the failure or disruption of service exceeds 24 hours immediately following the **Accident**.
  - (3) The Companies shall not be liable for more than the applicable Time Element limit for loss or expense under this coverage unless otherwise shown in the Schedule.
  - (4) With respect to Equipment Breakdown only, this Service Interruption coverage supersedes and replaces any other Service Interruption coverage provided in this policy.
- f. **Time Element**  
The insurance provided under this policy for Time Element Coverage is extended to the coverage provided by this endorsement.  
The Companies shall not be liable for more than the applicable limit for Time Element Coverage, unless otherwise shown in the Schedule.
- g. **Contingent Time Element**  
The insurance provided under this policy for Contingent Time Element is extended to the coverage provided by this endorsement.  
The Companies shall not be liable for more than \$100,000 for loss or expense under this coverage unless otherwise shown in the Schedule.
- h. **Property Removed from Insured Locations**  
The insurance provided under this policy for Property Removed from Insured Locations is extended to the coverage provided by this endorsement.  
The Companies shall not be liable for more than \$100,000 for loss or expense under this coverage unless otherwise shown in the Schedule.

**B. Equipment Breakdown Exclusions**

All exclusions in the Commercial Property Compass Form apply except as modified below and to the extent that coverage is specifically provided by this Additional Coverage Equipment Breakdown.

- 1. The following exclusions are modified:
    - a. As respects this endorsement only, **ACCIDENT** is included as a Listed Peril under Exclusion II.B.4.b) - Asbestos.
    - b. Exclusion II.B.5. -Pollution/Contamination Exclusion, does not apply to the Hazardous Substances coverage provided within this endorsement.
    - c. As respects this endorsement only, Exclusion II.B.19. is deleted and replaced with the following:  
Loss or damage caused by hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment
  - 2. The following exclusions are added:
    - a. The Companies do not insure loss, damage or expense caused by or resulting from:
      - (1) The Insured's failure to use all reasonable means to protect Covered Property from damage following an Accident; or
      - (2) Any of the following:
        - (a) 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 Electronic Data and Media of any kind; or
        - (b) Misalignment, miscalibration, tripping off-line, or any condition which can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance.
- However, if an **Accident** results, the Companies will pay for the resulting loss, damage or expense caused by that **Accident**.

- b. With respect to Service Interruption coverage, the Companies do not insure an **Accident** caused by or resulting from: fire; lightning; windstorm or hail; explosion (except as specifically provided in A.1.c. above); smoke; aircraft or vehicles; riot or civil commotion; vandalism; sprinkler leakage; falling objects; weight of snow, ice or sleet; freezing; collapse; flood or earth movement.

C. Deductibles

The deductible in the policy applies unless a separate Equipment Breakdown deductible is shown in the Schedule. If a separate Equipment Breakdown deductible is shown, the following applies. Only as regards Equipment Breakdown Coverage, provision I.G. Deductible is deleted and replaced with the following:

1. Deductibles for Each Coverage
  - a. Unless the Schedule indicates that the deductible is combined for all coverages, multiple deductibles may apply to any **One Accident**.
  - b. The Companies do not insure 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 Schedule. The Companies 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 Accident**, 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 Schedule.
  - b. Unless more specifically indicated in the Schedule:
    - (1) Indirect Coverages Deductibles apply to Time Element 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

The Companies do not insure loss, damage or expense resulting from any **One Accident** until the amount of loss, damage or expense exceeds the applicable Deductible shown in the Schedule. The Companies 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, the Companies do not insure any loss occurring during the specified number of hours or days immediately following the **Accident**. If a time deductible is expressed in days, each day shall mean twenty-four 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 Gross Earnings (as defined in any Gross Earnings coverage that is part of this policy) that would have been earned during the Period of Interruption of business had no **Accident** occurred, divided by the number of working days in that period. No reduction shall be made for the Gross Earnings not being earned, or in the number of working days, because of the **Accident** or any other scheduled or unscheduled shutdowns during the Period of Interruption. The ADV applies to the Gross Earnings 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.  
The number indicated in the Schedule will be multiplied by the ADV as determined above. The result shall be used as the applicable deductible.

d. Percentage of Loss Deductibles

If a deductible is expressed as a percentage of loss, the Companies do not insure 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

The following conditions are added to Section VII. CONDITIONS:

1. Suspension

Whenever **Covered Equipment** is found to be in, or exposed to, a dangerous condition, any of the Companies' representatives may immediately suspend the insurance against loss from an **Accident** to that **Covered Equipment**. This can be done by mailing or delivering a written notice of suspension to:

- a. the Insured's last known address; or
- b. the address where the **Covered Equipment** is located.

Once suspended in this way, insurance can be reinstated only by an endorsement for that **Covered Equipment**. If the Companies suspend insurance, the Insured 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 the Companies have not yet made or offered a refund.

2. 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, the Companies agree to perform such inspection on the Insured's behalf. The Companies do not warrant that conditions are safe or healthful.

3. Environmental, Safety and Efficiency Improvements

If **Covered Equipment** requires replacement due to an Accident, the Companies will pay the Insured's additional cost to replace with equipment that is better for the environment, safer or more efficient than the equipment being replaced.

However, the Companies do not insure more than 125% of what the cost would have been to replace with like kind and quality. This condition does not increase any of the applicable limits. This condition does not apply to any property to which Actual Cash Value applies.

4. Coinsurance

If a coinsurance percentage is shown under the Other Conditions on the Schedule for specified coverages, the following condition applies.

The Companies do not insure the full amount of the Insured's loss if the applicable limit is less than the product of the specified coinsurance percentage times the value of the property subject to the coverage at the time of the loss. Instead, the Companies will determine what percentage this calculated product is compared to the applicable limit and apply that percentage to the gross amount of loss. The Companies will then subtract the applicable deductible. The resulting amount, or the applicable limit, is the most the Companies will pay. The Companies do not insure the remainder of the loss. Coinsurance applies separately to each insured location.

E. The following definitions are added to Section VIII. POLICY DEFINITIONS:

1. "Boilers and vessels" means:

- a. Any boiler, including attached steam, condensate and feedbag 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 Schedule.

2. **Covered Equipment**

- a. **Covered Equipment** means, unless otherwise specified in the Schedule, Covered Property:
  - (1) That generates, transmits or utilizes energy, including electronic communications and data processing equipment; or
  - (2) Which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.

- b. None of the following is **Covered Equipment**:
- (1) Structure, foundation, cabinet, compartment or air supported structure or building;
  - (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) Dragline, excavation or construction equipment; or
  - (7) Equipment manufactured by the Insured for sale.
3. **Hazardous Substance** means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.
4. **One Accident** means: If an initial **Accident** causes other **Accidents**, all will be considered **One Accident**. All **Accidents** that are the result of the same event will be considered **One Accident**.
5. **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.  
This term does not appear elsewhere in this endorsement, but may appear in the Schedule.
6. **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 the Companies will pay for loss, damage or expense under this endorsement arising from any **One Accident** is the applicable limit of liability shown in Section I - COVERAGES AND LIMITS OF LIABILITY, 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.

## **LLOYD'S OF LONDON AMENDATORY**

WITH RESPECT TO THE COVERAGE PROVIDED BY **CERTAIN UNDERWRITERS AT LLOYD'S, LONDON**, THE FOLLOWING CLAUSES (SERVICE OF SUIT, APPLICABLE LAW, SANCTION LIMITATION AND EXCLUSION, and SLC-3) SHALL APPLY:

### **Service of Suit Clause (U.S.A.) NMA 1998 4/24/86 (USA date)**

It is agreed that in the event of the failure of the Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Insured (or Reinsured), will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States. It is further agreed that service of process in such suit may be made upon

1. California Insureds:

Foley & Lardner, LLP  
555 California Street, Suite 1700  
San Francisco, CA 94104-1520  
USA

2. All other Insureds:

Mendes and Mount  
750 Seventh Avenue  
New York, NY 10019-6829;  
USA

and that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured (or Reinsured) to have a written undertaking to the Insured (or Reinsured) that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, Underwriters hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured (or Reinsured) or any beneficiary hereunder arising out of this contract of insurance (or reinsurance), and hereby designate the above-named person to whom the said officer is authorized to mail such process or a true copy thereof.

### **APPLICABLE LAW (U.S.A.) LMA5021 9/14/2005 (USA date)**

This Insurance shall be subject to the applicable state law to be determined by the court of competent jurisdiction as determined by the provisions of the Service of Suit Clause (USA).

## SANCTION LIMITATION AND EXCLUSION CLAUSE

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

LMA3100 9/15/2010 (USA date)

**SLC-3 (USA) NMA 2868 (8/24/2000 – USA date)**



# Lloyd's Certificate

---

**This Insurance** is effected with certain Underwriters at Lloyd's, London.

**This Certificate** is issued in accordance with the limited authorization granted to the Correspondent by certain Underwriters at Lloyd's, London whose syndicate numbers and the proportions underwritten by them can be ascertained from the office of the said Correspondent (such Underwriters being hereinafter called "Underwriters") and in consideration of the premium specified herein, Underwriters hereby bind themselves severally and not jointly, each for his own part and not one for another, their Executors and Administrators.

**The Assured** is requested to read this Certificate, and if it is not correct, return it immediately to the Correspondent for appropriate alteration.

All inquiries regarding this Certificate should be addressed to the following Correspondent:

---

**SLC-3 (USA) NMA2868 (08/24/2000 – USA date)**

## CERTIFICATE PROVISIONS

1. **Signature Required.** This Certificate shall not be valid unless signed by the Correspondent on the attached Declaration Page.

2. **Correspondent Not Insurer (all states, except California).** The Correspondent is not an Insurer hereunder and neither is nor shall be liable for any loss or claim whatsoever. The Insurers hereunder are those Underwriters at Lloyd's, London whose syndicate numbers can be ascertained as hereinbefore set forth. As used in this Certificate "Underwriters" shall be deemed to include incorporated as well as unincorporated persons or entities that are Underwriters at Lloyd's, London.

**Correspondent Not Insurer (California).** The Correspondent is not an Insurer of the insurance described herein and neither is nor shall be liable for any loss or claim whatsoever. The Insurers of such insurance are those Underwriters at Lloyd's, London, whose names can be ascertained as hereinbefore set forth. As used in this Certificate "Underwriters" shall be deemed to include incorporated as well as unincorporated persons or entities that are Underwriters at Lloyd's, London.

3. **Cancellation (all states, except California).** If this Certificate provides for cancellation and this Certificate is cancelled after the inception date, earned premium must be paid for the time the insurance has been in force.

**Cancellation (California).** If the insurance described herein provides for cancellation and if said insurance is cancelled after the inception date, earned premium must be paid for the time the insurance has been in force.

4. **Service of Suit (all states, except California).** It is agreed that in the event of the failure of Underwriters to pay any amount claimed to be due hereunder, Underwriters, at the request of the Assured, will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States. It is further agreed that service of process in such suit may be made upon the firm or person named in item 6 of the attached Declaration Page, and that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon request of the Assured to give a written undertaking to the Assured that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, Underwriters hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Assured or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the above-mentioned as the person to whom the said officer is authorized to mail such process or a true copy thereof.

**Service of Suit Clause (California).** In the event of the failure of Underwriters to pay any amount claimed to be due under the insurance described herein, Underwriters have agreed that, at the request of the Assured, they will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States. In any suit instituted against any one of them upon the insurance described herein, Underwriters have agreed to abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

Underwriters have further agreed that service of process in such suit may be made upon the firm or person named in item 6 on the attached Declaration Page. Underwriters have agreed that such firm or person is authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Assured to give a written undertaking to the Assured that they will enter a general appearance upon Underwriters' behalf in the event that such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, Underwriters have designated the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Assured or any beneficiary arising out of the insurance described herein, and have designated the above-mentioned as the person to whom the said officer is authorized to mail such process or true copy thereof.

- 5. Assignment (all states, except California).** This Certificate shall not be assigned either in whole or in part without the written consent of the Correspondent endorsed hereon.

**Assignment (California).** The insurance described herein shall not be assigned either in whole or in part without the written consent of the Correspondent endorsed hereon.

- 6. Attached Conditions Incorporated (all states, except California).** This Certificate is made and accepted subject to all the provisions, conditions and warranties set forth herein, attached or endorsed, all of which are to be considered as incorporated herein.

**Attached Conditions Incorporated (California).** The insurance described in this Certificate is subject to all provisions, conditions and warranties set forth herein, attached, or endorsed, all of which are to be considered incorporated herein as further descriptive of the insurance the placement of which is evidenced by this Certificate.

- 7. Short Rate Cancellation (all states, except California).** If the attached provisions provide for cancellation, the table below will be used to calculate the short rate proportion of the premium when applicable under the terms of cancellation.

**Short Rate Cancellation (California).** If the attached provisions provide for cancellation, the table below will be used to calculate the short rate proportion of the premium when applicable under the terms of cancellation. Premiums for cancellations pursuant to Paragraph 6 of the Notice on page 1 of this Certificate will be prorated.

**Short Rate Cancellation Table For Term of One Year (for all states, including California).**

Days Insurance in Force	Per Cent of one year Premium	Days Insurance in Force	Per Cent of one year Premium	Days Insurance in Force	Per Cent of one year Premium	Days Insurance in Force	Per Cent of one year Premium
1	5%	66 - 69	29%	154 - 156	53%	256 - 260	77%
2	6	70 - 73	30	157 - 160	54	261 - 264	78
3 - 4	7	74 - 76	31	161 - 164	55	265 - 269	79
5 - 6	8	77 - 80	32	165 - 167	56	270 - 273 ( 9 mos )	80
7 - 8	9	81 - 83	33	168 - 171	57	274 - 278	81
9 - 10	10	84 - 87	34	172 - 175	58	279 - 282	82
11 - 12	11	88 - 91 ( 3 mos )	35	176 - 178	59	283 - 287	83
13 - 14	12	92 - 94	36	179 - 182 ( 6 mos )	60	288 - 291	84
15 - 16	13	95 - 98	37	183 - 187	61	292 - 296	85
17 - 18	14	99 - 102	38	188 - 191	62	297 - 301	86
19 - 20	15	103 - 105	39	192 - 196	63	302 - 305 ( 10 mos )	87
21 - 22	16	106 - 109	40	197 - 200	64	306 - 310	88
23 - 25	17	110 - 113	41	201 - 205	65	311 - 314	89
26 - 29	18	114 - 116	42	206 - 209	66	315 - 319	90
30 - 32 ( 1 mos )	19	117 - 120	43	210 - 214 ( 7 mos )	67	320 - 323	91
33 - 36	20	121 - 124 ( 4 mos )	44	215 - 218	68	324 - 328	92
37 - 40	21	125 - 127	45	219 - 223	69	329 - 332	93
41 - 43	22	128 - 131	46	224 - 228	70	333 - 337 ( 11 mos )	94
44 - 47	23	132 - 135	47	229 - 232	71	338 - 342	95
48 - 51	24	136 - 138	48	233 - 237	72	343 - 346	96
52 - 54	25	139 - 142	49	238 - 241	73	347 - 351	97
55 - 58	26	143 - 146	50	242 - 246 ( 8 mos )	74	352 - 355	98
59 - 62 ( 2 mos )	27	147 - 149	51	247 - 250	75	356 - 360	99
63 - 65	28	150 - 153 ( 5 mos )	52	251 - 255	76	361 - 365 ( 12 mos )	100

Rules applicable to insurance with terms less than or more than one year:

- A. If insurance has been in force for one year or less, apply the short rate table for annual insurance to the full annual premium determined as for insurance written for a term of one year.
  - B. If insurance has been in force for more than one year:
    1. Determine full annual premium as for insurance written for a term of one year.
    2. Deduct such premium from the full insurance premium, and on the remainder calculate the pro rata earned premium on the basis of the ratio of the length of time beyond one year the insurance has been in force to the length of time beyond one year for which the policy was originally written.
    3. Add premium produced in accordance with items (1) and (2) to obtain earned premium during full period insurance has been in force.
- 8. (California)** The certificate is intended for use as evidence of the placement of the insurance described herein, in accordance with Section 1764 of the California Insurance Code.

---

**This Declaration Page is attached to and forms part of Certificate provisions (Form SLC-3 USA NMA2868)**

---

Previous No. \*                      Authority Ref. No. \*                      Certificate No. \*

\* As stated elsewhere in the Policy

---

1.        Name and address of the Assured:

As stated elsewhere in the Policy

---

2.        Effective from \* to \* both days at 12:01 a.m. standard time.

\* As stated elsewhere in the Policy

---

3.        Insurance is effective with certain UNDERWRITERS AT LLOYD'S, LONDON.

Percentage: As stated elsewhere on the Policy %

---

4.        Amount \*                      Coverage \*                      Rate \*                      Premium \*

\* As stated elsewhere in the Policy

---

5.        Forms attached hereto and special conditions:

As stated elsewhere in the Policy

---

6.        Service of Suit may be made upon:

As stated elsewhere in the Policy

---

7.        In the event of a claim, please notify the following:

As stated elsewhere in the Policy

---

**Dated** As stated elsewhere in the Policy                      by                      As stated elsewhere in the Policy

\_\_\_\_\_  
Correspondent

**LLOYD'S**

One Lime Street London EC3M 7HA

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## **INDIAN HARBOR INSURANCE COMPANY AMENDATORY**

WITH RESPECT TO THE COVERAGE PROVIDED BY **INDIAN HARBOR INSURANCE COMPANY**, THE FOLLOWING CLAUSES SHALL APPLY:

### **Service of Process Clause**

- 1. The following Service of Process Clause applies to all policies written in Alabama, Arkansas, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Indiana, Iowa, Kansas, Maryland, Massachusetts, Mississippi, Montana, Nevada, New Hampshire, New Jersey, North Carolina, Oklahoma, Oregon, Pennsylvania, Tennessee, Texas, Washington and Wyoming:**

#### **Service of Process**

The Commissioner of Insurance of the above applicable state is hereby designated the true and lawful attorney of the Company upon whom may be served all lawful process in any action, suit or proceeding arising out of this policy. The Company further designates:

Sarah Mims  
Assistant Secretary  
505 Eagleview Boulevard, Suite 100  
Exton, Pennsylvania 19341-0636

as its agent in the above applicable state to whom such process shall be forwarded by the Commissioner of Insurance.

For Illinois exposures, the Insurer further designates the Director of the Illinois Division of Insurance and his successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary hereunder arising out of an Illinois exposure and this contract of insurance.

- 2. The following Service of Process Clause applies to all policies written in Alaska, Arizona, Idaho, Illinois, Nebraska, South Carolina and South Dakota:**

#### **Service of Process**

The Director of Insurance of the above applicable state is hereby designated the true and lawful attorney of the Company upon whom may be served all lawful process in any action, suit or proceeding arising out of this policy. The Company further designates:

Sarah Mims  
Assistant Secretary  
505 Eagleview Boulevard, Suite 100  
Exton, Pennsylvania 19341-0636

as its agent in the above applicable state to whom such process shall be forwarded by the Director of Insurance.

For Illinois exposures, the Insurer further designates the Director of the Illinois Division of Insurance and his successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary hereunder arising out of an Illinois exposure and this contract of insurance.

3. The following **Service of Process Clause** applies to all policies written in Kentucky, Louisiana and West Virginia:

### **Service of Process**

The Secretary of State of the above applicable state is hereby designated the true and lawful attorney of the Company upon whom may be served all lawful process in any action, suit or proceeding arising out of this policy. The Company further designates:

Sarah Mims  
Assistant Secretary  
505 Eagleview Boulevard, Suite 100  
Exton, Pennsylvania 19341-0636

as its agent in the above applicable state to whom such process shall be forwarded by the Secretary of State.

For Illinois exposures, the Insurer further designates the Director of the Illinois Division of Insurance and his successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary hereunder arising out of an Illinois exposure and this contract of insurance.

4. The following **Service of Process Clause** applies to all policies written in New Mexico, New York and Ohio:

### **Service of Process**

The Superintendent of Insurance of the above applicable state is hereby designated the true and lawful attorney of the Company upon whom may be served all lawful process in any action, suit or proceeding arising out of this policy. The Company further designates:

Sarah Mims  
Assistant Secretary  
505 Eagleview Boulevard, Suite 100  
Exton, Pennsylvania 19341-0636

as its agent in the above applicable state to whom such process shall be forwarded by the Superintendent of Insurance.

For Illinois exposures, the Insurer further designates the Director of the Illinois Division of Insurance and his successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary hereunder arising out of an Illinois exposure and this contract of insurance.

5. The following **Service of Process Clause** applies to all policies written in California:

### **Service of Process**

The Commissioner of Insurance of the State of California is hereby designated the true and lawful attorney of the Company upon whom may be served all lawful process in any action, suit or proceeding arising out of this policy. The Company further designates:

John Oster  
1990 North California Boulevard  
Suite 740  
Walnut Creek, CA 94596

as its agent in California to whom such process shall be forwarded by the Commissioner of Insurance.

For Illinois exposures, the Insurer further designates the Director of the Illinois Division of Insurance and his successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary hereunder arising out of an Illinois exposure and this contract of insurance.

**6. The following Service of Process Clause applies to all policies written in Maine:**

**Service of Process**

The Acting Superintendent of Insurance of the State of Maine is hereby designated the true and lawful attorney of the Company upon whom may be served all lawful process in any action, suit or proceeding arising out of this policy. The Company further designates:

CT Corporation System  
One Portland Square  
Portland, ME 04101

as its agent in Maine to whom such process shall be forwarded by the Acting Superintendent of Insurance.

For Illinois exposures, the Insurer further designates the Director of the Illinois Division of Insurance and his successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary hereunder arising out of an Illinois exposure and this contract of insurance.

**7. The following Service of Process Clause applies to all policies written in Michigan:**

**Service of Process**

The Commissioner of Insurance of the State of Michigan is hereby designated the true and lawful attorney of the Company upon whom may be served all lawful process in any action, suit or proceeding arising out of this policy. The Company further designates:

The Corporation Company  
30600 Telegraph Road  
Bingham Farms, MI 48025

as its agent in Michigan to whom such process shall be forwarded by the Commissioner of Insurance.

For Illinois exposures, the Insurer further designates the Director of the Illinois Division of Insurance and his successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary hereunder arising out of an Illinois exposure and this contract of insurance.

**8. The following Service of Process Clause applies to all policies written in Minnesota:**

**Service of Process**

The Commissioner of Commerce of the State of Minnesota is hereby designated the true and lawful attorney of the Company upon whom may be served all lawful process in any action, suit or proceeding arising out of this policy. The Company further designates:

Sarah Mims  
Assistant Secretary  
505 Eagleview Boulevard, Suite 100  
Exton, Pennsylvania 19341-0636

as its agent in Minnesota to whom such process shall be forwarded by the Commissioner of Commerce.

For Illinois exposures, the Insurer further designates the Director of the Illinois Division of Insurance and his successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary hereunder arising out of an Illinois exposure and this contract of insurance.

**9. The following Service of Process Clause applies to all policies written in Missouri:**

**Service of Process**

The Director of the Department of Insurance of the State of Missouri is hereby designated the true and lawful attorney of the Company upon whom may be served all lawful process in any action, suit or proceeding arising out of this policy. The Company further designates:

Sarah Mims  
Assistant Secretary  
505 Eagleview Boulevard, Suite 100  
Exton, Pennsylvania 19341-0636

as its agent in Missouri to whom such process shall be forwarded by the Director of the Department of Insurance.

For Illinois exposures, the Insurer further designates the Director of the Illinois Division of Insurance and his successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary hereunder arising out of an Illinois exposure and this contract of insurance.

**10. The following Service of Process Clause applies to all policies written in Rhode Island:**

**Service of Process**

The Commissioner of Insurance of the State of Rhode Island is hereby designated the true and lawful attorney of the Company upon whom may be served all lawful process in any action, suit or proceeding arising out of this policy. The Company further designates:

Ms. Sherry A. Goldin  
GT Corporation System  
10 Weybosset Street  
Providence, RI 02903

as its agent in Rhode Island to whom such process shall be forwarded by the Commissioner of Insurance.

For Illinois exposures, the Insurer further designates the Director of the Illinois Division of Insurance and his successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary hereunder arising out of an Illinois exposure and this contract of insurance.

**11. The following Service of Process Clause applies to all policies written in Utah:**

**Service of Process**

The Commissioner of Insurance and Lieutenant Governor of the State of Utah is hereby designated the true and lawful attorney of the Company upon whom may be served all lawful process in any action, suit or proceeding arising out of this policy. The Company further designates:

Sarah Mims  
Assistant Secretary  
505 Eagleview Boulevard, Suite 100  
Exton, Pennsylvania 19341-0636

as its agent in Utah to whom such process shall be forwarded by the Commissioner of Insurance or Lieutenant Governor.

For Illinois exposures, the Insurer further designates the Director of the Illinois Division of Insurance and his successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary hereunder arising out of an Illinois exposure and this contract of insurance.

**12. The following Service of Process Clause applies to all policies written in Virginia:**

**Service of Process**

The Clerk of the Commissioner of Insurance of the State of Virginia is hereby designated the true and lawful attorney of the Company upon whom may be served all lawful process in any action, suit or proceeding arising out of this policy. The Company further designates:

Sarah Mims  
Assistant Secretary  
505 Eagleview Boulevard, Suite 100  
Exton, Pennsylvania 19341-0636

as its agent in Virginia to whom such process shall be forwarded by the Clerk of the Commissioner of Insurance.

For Illinois exposures, the Insurer further designates the Director of the Illinois Division of Insurance and his successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary hereunder arising out of an Illinois exposure and this contract of insurance.

**13. The following Service of Process Clause applies to all policies written in Wisconsin:**

**Service of Process**

The Commissioner of Insurance and the Department of Financial Institutions of the State of Wisconsin is hereby designated the true and lawful attorney of the Company upon whom may be served all lawful process in any action, suit or proceeding arising out of this policy. The Company further designates:

Sarah Mims  
Assistant Secretary  
505 Eagleview Boulevard, Suite 100  
Exton, Pennsylvania 19341-0636

as its agent in Wisconsin to whom such process shall be forwarded by the Commissioner of Insurance or the Department of Financial Institutions.

For Illinois exposures, the Insurer further designates the Director of the Illinois Division of Insurance and his successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary hereunder arising out of an Illinois exposure and this contract of insurance.

All other terms and conditions of this policy remain unchanged.

# NOTICE TO POLICYHOLDERS

## FRAUD NOTICE

<b>Arkansas</b>	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
<b>Colorado</b>	It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.
<b>District of Columbia</b>	<b>WARNING:</b> It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.
<b>Florida</b>	Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.
<b>Kansas</b>	A "fraudulent insurance act" means an act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.
<b>Kentucky</b>	Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime.
<b>Louisiana</b>	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
<b>Maine</b>	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines, or denial of insurance benefits.
<b>Maryland</b>	Any person who knowingly and willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
<b>New Jersey</b>	Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.
<b>New Mexico</b>	ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO CIVIL FINES AND CRIMINAL PENALTIES.

## NOTICE TO POLICYHOLDERS

<p><b>New York</b></p>	<p><b>General: All applications for commercial insurance, other than automobile insurance:</b> Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.</p> <p><b>All applications for automobile insurance and all claim forms:</b> Any person who knowingly makes or knowingly assists, abets, solicits or conspires with another to make a false report of the theft, destruction, damage or conversion of any motor vehicle to a law enforcement agency, the department of motor vehicles or an insurance company, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the value of the subject motor vehicle or stated claim for each violation.</p> <p><b>Fire:</b> Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime.</p> <p>The proposed insured affirms that the foregoing information is true and agrees that these applications shall constitute a part of any policy issued whether attached or not and that any willful concealment or misrepresentation of a material fact or circumstances shall be grounds to rescind the insurance policy.</p>
<p><b>Ohio</b></p>	<p>Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.</p>
<p><b>Oklahoma</b></p>	<p><b>WARNING:</b> Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.</p>
<p><b>Pennsylvania</b></p>	<p><b>All Commercial Insurance, Except As Provided for Automobile Insurance:</b> Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.</p> <p><b>Automobile Insurance:</b> Any person who knowingly and with intent to injure or defraud any insurer files an application or claim containing any false, incomplete or misleading information shall, upon conviction, be subject to imprisonment for up to seven years and the payment of a fine of up to \$15,000.</p>
<p><b>Puerto Rico</b></p>	<p><b>Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation by a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances [be] present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.</b></p>

## NOTICE TO POLICYHOLDERS

<b>Rhode Island</b>	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
<b>Tennessee</b>	<p><b>All Commercial Insurance, Except As Provided for Workers' Compensation</b> It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.</p> <p><b>Workers' Compensation:</b> It is a crime to knowingly provide false, incomplete or misleading information to any party to a workers' compensation transaction for the purpose of committing fraud. Penalties include imprisonment, fines and denial of insurance benefits.</p>
<b>Utah</b>	<b>Workers' Compensation:</b> Any person who knowingly presents false or fraudulent underwriting information, files or causes to be filed a false or fraudulent claim for disability compensation or medical benefits, or submits a false or fraudulent report or billing for health care fees or other professional services is guilty of a crime and may be subject to fines and confinement in state prison.
<b>Virginia</b>	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.
<b>Washington</b>	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.
<b>West Virginia</b>	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
<b>All Other States</b>	Any person who knowingly and willfully presents false information in an application for insurance may be guilty of insurance fraud and subject to fines and confinement in prison. (In Oregon, the aforementioned actions may constitute a fraudulent insurance act which may be a crime and may subject the person to penalties).

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## **QBE AMENDATORY**

WITH RESPECT TO THE COVERAGE PROVIDED BY THE **QBE SPECIALTY INSURANCE COMPANY**, THE FOLLOWING CLAUSE SHALL APPLY:

### **Service of Suit Clause 10/08**

It is agreed that in the event of the failure of the Company to pay any amount claimed to be due hereunder, the Company, at the request of the Named Insured, will submit to the jurisdiction of any Court of competent jurisdiction within the United States of America and will comply with all requirements necessary to give such Court jurisdiction, and all matters arising hereunder shall be determined in accordance with the law and practice of such court. It is further agreed that service of process in such suit may be made upon:

CT Corporation System  
1-800-624-0909

or his nominee, and that in any suit instituted against them upon this contract, the Company will abide by the final decision of such Court or any Appellate Court in the event of an appeal.

The above named individual is authorized and directed to accept service of process on behalf of the Company in any such suit and/or upon the request of the Named Insured to give written undertaking of the Named Insured that it or they will enter a general appearance upon the Company's behalf in the event of a suit shall be instituted.

Further, pursuant to any statute of any State, Territory or District of the United States, which makes provision therefore, the Company hereby designates the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Named Insured or any beneficiary hereunder arising out of this contract of Insurance, and hereby designates the above named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

All other terms and conditions remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## **STEADFAST INSURANCE COMPANY AMENDATORY**

WITH RESPECT TO THE COVERAGE PROVIDED BY STEADFAST INSURANCE COMPANY, THE FOLLOWING CLAUSES SHALL APPLY:

### **Service Of Suit and In Witness Clause**

- 1. The following Service Of Suit and In Witness Clause applies to all policies written in Alabama, Alaska, Arkansas, Colorado, Connecticut, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Washington, West Virginia or Wyoming:**

#### **Service Of Suit**

In the event of failure of the Company to pay any amount claimed to be due hereunder, the Company, at the request of the "Insured", will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this condition constitutes or should be understood to constitute a waiver of the Company's rights to commence an action in any court of competent jurisdiction in the United States to remove an action to a United States District Court or to seek a transfer of a case to another court as permitted by the laws of the United States or any state in the United States. It is further agreed that service of process in such suit may be made upon General Counsel, Law Department, Steadfast Insurance Company, 1400 American Lane, Schaumburg, Illinois 60196-1056, or his or her representative, and that in any suit instituted against the Company upon this policy, the Company will abide by the final decision of such court or of any appellate court in the event of an appeal.

Further, pursuant to any statute of any state, territory, or district of the United States which makes provisions therefore, the Company hereby designates the Superintendent, Commissioner, or Director of Insurance, or other officer specified for that purpose in the statute, or his or her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the "Insured" or any beneficiary hereunder arising out of this policy of insurance and hereby designates the above named General Counsel as the person to whom the said officer is authorized to mail such process or a true copy thereof.

#### **In Witness Clause**

In return for the payment of premium, and subject to the terms of the policy, the Company agrees with the "Insured" to provide insurance as stated in this policy. This policy shall not be valid unless signed by the duly authorized Representative of the Company.

In Witness Whereof, this Company has executed and attested these presents, and where required by law, has caused this policy to be signed by its duly authorized Representative.

**2. The following Service Of Suit and In Witness Clause applies to all policies written in Arizona, Virginia or Washington:**

**Service Of Suit**

In the event of failure of the Company to pay any amount claimed to be due hereunder, the Company, at the request of the "Insured", will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this condition constitutes or should be understood to constitute a waiver of the Company's rights to commence an action in any court of competent jurisdiction in the United States to remove an action to a United States District Court or to seek a transfer of a case to another court as permitted by the laws of the United States or any state in the United States. It is further agreed that service of process in such suit may be made upon General Counsel, Law Department, Steadfast Insurance Company, 1400 American Lane, Schaumburg, Illinois 60196-1056, or his or her representative, and that in any suit instituted against the Company upon this policy, the Company will abide by the final decision of such court or of any appellate court in the event of an appeal.

Further, pursuant to any statute of any state, territory, or district of the United States which makes provisions therefore, the Company hereby designates the Superintendent, Commissioner, or Director of Insurance, or other officer specified for that purpose in the statute, or his or her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the "Insured" or any beneficiary hereunder arising out of this policy of insurance and hereby designates the above named General Counsel as the person to whom the said officer is authorized to mail such process or a true copy thereof.

**In Witness Clause**

In return for the payment of premium, and subject to the terms of the policy, the Company agrees with the "Insured" to provide insurance as stated in this policy.

In Witness Whereof, the Company has executed and attested these presents, and where required by law, has caused this policy to be signed by its duly authorized Representative.

**3. The following Service Of Suit and In Witness Clause applies to all policies written in California:**

**Service Of Suit**

In the event of failure of the Company to pay any amount claimed to be due hereunder, the Company, at the request of the "Insured", will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this condition constitutes or should be understood to constitute a waiver of the Company's rights to commence an action in any court of competent jurisdiction in the United States to remove an action to a United States District Court or to seek a transfer of a case to another court as permitted by the laws of the United States or any state in the United States. It is further agreed that service of process in such suit may be made upon General Counsel, Law Department, Steadfast Insurance Company, 1400 American Lane, Schaumburg, Illinois 60196-1056, or his or her representative, and that in any suit instituted against the Company upon this policy, the Company will abide by the final decision of such court or of any appellate court in the event of an appeal.

Further, pursuant to any statute of any state, territory, or district of the United States which makes provisions therefore, the Company hereby designates the Superintendent, Commissioner, or Director of Insurance, or other officer specified for that purpose in the statute, or his or her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the "Insured" or any beneficiary hereunder

arising out of this policy of insurance and hereby designates Carpenter & Moore Insurance Services, Inc., 111 Pine Street, Suite 777, San Francisco, California 94111 as whom the said officer is authorized to mail such process or a true copy thereof.

**In Witness Clause**

In return for the payment of premium, and subject to the terms of the policy, the Company agrees with the "Insured" to provide insurance as stated in this policy. This policy shall not be valid unless signed by the duly authorized Representative of the Company.

In Witness Whereof, the Company has executed and attested these presents, and where required by law, has caused this policy to be signed by its duly authorized Representative.

**4. The following Service Of Suit and In Witness Clause applies to all policies written in Delaware:**

**Service Of Suit**

In the event of failure of the Company to pay any amount claimed to be due hereunder, the Company, at the request of the "Insured", will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this condition constitutes or should be understood to constitute a waiver of the Company's rights to commence an action in any court of competent jurisdiction in the United States to remove an action to a United States District Court or to seek a transfer of a case to another court as permitted by the laws of the United States or any state in the United States. It is further agreed that service of process in such suit may be made upon General Counsel, Law Department, Zurich American Insurance Company of Illinois, 1400 American Lane, Schaumburg, Illinois 60196-1056, or his or her representative, and that in any suit instituted against the Company upon this policy, the Company will abide by the final decision of such court or of any appellate court in the event of an appeal.

Further, pursuant to any statute of any state, territory, or district of the United States which makes provisions therefore, the Company hereby designates the Superintendent, Commissioner, or Director of Insurance, or other officer specified for that purpose in the statute, or his or her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the "Insured" or any beneficiary hereunder arising out of this policy of insurance and hereby designates the above named General Counsel as the person to whom the said officer is authorized to mail such process or a true copy thereof.

**In Witness Clause**

In return for the payment of premium, and subject to the terms of the policy, the Company agrees with the "Insured" to provide insurance as stated in this policy. This policy shall not be valid unless signed by the duly authorized Representative of the Company.

In Witness Whereof, this Company has executed and attested these presents, and where required by law, has caused this policy to be signed by its duly authorized Representative.

**5. The following Service Of Suit and In Witness Clause applies to all policies written in District of Columbia:**

**Service Of Suit**

In the event of failure of the Company to pay any amount claimed to be due hereunder, the Company, at the request of the "Insured", will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this condition constitutes or should be understood to constitute a waiver of the Company's rights to commence an action in any court of competent jurisdiction in the United States to remove an action to a United States District Court or to seek a transfer of a case to another court as permitted by the laws of the United States or any state in the United States. It is further agreed that service of process in such suit may be made upon General Counsel, Law Department, Steadfast Insurance Company, 1400 American Lane, Schaumburg, Illinois 60196-1056, or his or her representative, and that in any suit instituted against the Company upon this policy, the Company will abide by the final decision of such court or of any appellate court in the event of an appeal.

Further, pursuant to any statute of any state, territory, or district of the United States which makes provisions therefore, the Company hereby designates the Superintendent, Commissioner, or Director of Insurance, or other officer specified for that purpose in the statute, or his or her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the "Insured" or any beneficiary hereunder arising out of this policy of insurance and hereby designates Douglas A. Henry, c/o CT Corporation, 1025 Vermont Avenue, N.W., Washington, DC 20005 as the person to whom the said officer is authorized to mail such process or a true copy thereof.

**In Witness Clause**

In return for the payment of premium, and subject to the terms of the policy, the Company agrees with the "Insured" to provide insurance as stated in this policy. This policy shall not be valid unless signed by the duly authorized Representative of the Company.

In Witness Whereof, this Company has executed and attested these presents, and where required by law, has caused this policy to be signed by its duly authorized Representative.

## **Disclosure Statement**



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

### **INSTRUCTION TO AGENT OR BROKER:**

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

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

# Disclosure Statement



## NOTICE OF DISCLOSURE FOR AGENT & BROKER COMPENSATION

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

<http://www.zurichnaproducercompensation.com>

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

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

# **Advisory notice to policyholders regarding the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") regulations**

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

This notice provides information concerning possible impact on your insurance coverage due to directives issued by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC").

**Please read this Notice carefully.**

OFAC administers and enforces sanctions policy based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons." This list can be located on the United States Treasury's web site – <http://www.treasury.gov/about/organizational-structure/offices/Pages/Office-of-Foreign-Assets-Control.aspx>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC restrictions. When an insurance policy is considered to be such a blocked or frozen contract, no payments or premium refunds may be made without authorization from OFAC. Other limitations on premiums and payments also apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## **VARIOUS COMPANIES' SERVICE OF SUIT CLAUSES**

WITH RESPECT TO THE COVERAGE PROVIDED BY:

GENERAL SECURITY INDEMNITY COMPANY OF ARIZONA; OR  
INTERNATIONAL INSURANCE COMPANY OF HANNOVER; OR  
LEXINGTON INSURANCE COMPANY; OR  
PRINCETON EXCESS AND SURPLUS LINES INSURANCE COMPANY; OR  
UNITED SPECIALTY INSURANCE COMPANY.

THE FOLLOWING APPLICABLE CLAUSES SHALL APPLY TO THE INDICATED COMPANY(IES), PROVIDED THAT COMPANY IS PARTICIPATING ON THE POLICY:

### **Service of Suit Clause**

It is agreed that in the event of the failure of the Company hereon to pay any amount claimed to be due hereunder, the Company hereon, at the request of the Insured (or Reinsured), will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of the Company's rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States. It is further agreed that service of process in such suit may be made upon:

#### **General Security Indemnity Company of Arizona**

One Seaport Plaza  
199 Water Street  
New York, NY 10038-3526  
Attn.: Henry Klecan, CEO

#### **With copy to:**

One Seaport Plaza  
199 Water Street  
New York, NY 10038-3526  
Attn.: Maxine Verne, General Legal Counsel,

#### **International Insurance Company of Hannover**

10 Fenchurch Street  
London, EC3M 3BE, UK  
Attn.: Nicholas J. Parr, CEO

#### **Lexington Insurance Company**

100 Summer Street  
Boston, MA 02110  
Facsimile: (866) 753-8411  
Attn.: Division Executive, Commercial Property

With copies to:

AIG Property Casualty U.S.	and	Lexington Insurance Company
175 Water Street - 18 <sup>th</sup> Floor		100 Summer Street
New York, NY 10038		Boston, MA 02110
Facsimile: (212) 458-7080		Facsimile: (617) 772-4588
Attn.: General Counsel		Attn.: General Counsel

**United Specialty Insurance Company**

1900 L. Don Dodson Drive  
Bedford, Texas 76021  
Attn.: Terry L. Ledbetter

and that in any suit instituted against any one of them upon this contract, the Company will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of the Company in any such suit and/or upon the request of the Insured (or Reinsured) to have a written undertaking to the Insured (or Reinsured) that they will enter a general appearance upon the Company's behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefore, the Company hereon hereby designates the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured (or Reinsured) or any beneficiary hereunder arising out of this contract of insurance (or reinsurance), and hereby designate the above-named person to whom the said officer is authorized to mail such process or a true copy thereof.

**AS RESPECTS PRINCETON EXCESS AND SURPLUS LINES INSURANCE COMPANY ONLY:**

**Service of Process Clause**

We designate the Superintendent of Insurance, Insurance Commissioner, Director of Insurance, or other officer specified by law, pursuant to the laws of the State where this policy is delivered, as our true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted in the State in which this policy is delivered, by, or on behalf of, the Named Insured or any beneficiary hereunder arising out of this Policy. We designate the General Counsel of The Princeton Excess and Surplus Lines Insurance Company, 555 College Road East, Princeton, New Jersey 08543 as the person to whom the said officer is authorized to mail such process or true copy thereof.

## Louisiana Notices

### **IMPORTANT INFORMATION REQUIRED BY THE LOUISIANA DEPARTMENT OF INSURANCE**

**Fire Insurance Policy Coverage Disclosure Summary  
(other than Homeowners)**

**Or**

**Commercial Insurance Policy Coverage Disclosure Summary  
This form is promulgated pursuant to LSA-R.S. 22:1319**

**THIS IS ONLY A SUMMARY OF YOUR COVERAGE AND DOES NOT AMEND, EXTEND, OR ALTER THE COVERAGES OR ANY OTHER PROVISIONS CONTAINED IN YOUR POLICY. INSURANCE IS A CONTRACT. THE LANGUAGE IN YOUR POLICY CONTROLS YOUR LEGAL RIGHTS AND OBLIGATIONS.**

**\*\* READ YOUR INSURANCE POLICY  
FOR COMPLETE POLICY TERMS AND CONDITIONS\*\***

#### **COVERAGE(S) FOR WHICH PREMIUM WAS PAID**

Real & Personal Property  
Time Element

#### **DEDUCTIBLES**

**This policy sets forth certain deductibles that will be applied to claims for damages. When applicable, a deductible will be subtracted from your total claim and you will be paid the balance subject to applicable coverage limits.**

**- You may be able to reduce your premium by increasing your deductible. Contact your producer (agent) or insurer for details.**

**NOTICE: This policy does set forth a separate deductible for covered losses caused by hurricane; wind; named storm as defined in the policy.**

**Separate Deductible Example - Hurricane, Wind or Named Storm Damage.**

**If applicable, the following illustrates how a separate deductible applying to hurricane, wind or named storm damage is applied under your policy:**

**The following assumes no co-insurance penalty, no Business Income coverage and a 2% per building named storm (including hurricane) deductible. The amounts of loss to the damaged property are \$50,000 (building) and \$20,000 (business personal property).**

Limits of insurance on building	\$ 100,000.00
Limits of insurance on the business personal property	\$ 50,000.00
Total amount of loss to building and business personal property	\$ 70,000.00
Less 2% deductible (\$150,000 x .02)	-\$ 3,000.00
Net payment to Insured for loss	\$ 67,000.00

However, the loss may be subject to minimum named storm (including hurricane) Deductible amount. If the policy has a \$ 50,000 minimum named storm (including hurricane) Deductible, the net payment to the Insured is \$20,000.00

The All Other Wind Deductible (not named storm or hurricane), may be a flat deductible such as \$50,000 or \$100,000.

**TO SEE EXACTLY HOW YOUR SEPARATE HURRICANE, WIND OR NAMED STORM DEDUCTIBLE WILL APPLY, PLEASE REFER TO YOUR POLICY.**

### LIMITATIONS OR EXCLUSIONS UNDER THIS POLICY

**FLOOD** - Flood damage \_\_\_ is X is not covered, regardless of how caused, when flood is the peril that causes the loss. Flood water includes, but is not limited to, storm surge, waves, tidal water, overflow of a body of water, whether driven by wind or not.

Flood Insurance may be available through the National Flood Insurance Program (NFIP). NFIP flood insurance may provide coverage for damage to your dwelling or building and/or contents subject to the coverage limits and terms of the policy.

Excess Flood Insurance may be available under a separate policy, from this or another insurer, if the amount of the primary flood insurance is not enough to cover the value of your property.

- You may contact your producer (agent) or insurer for more information on the NFIP and excess flood insurance.

**MOLD** - Damage caused solely by mold is not covered under this policy.

**\*\*FOR ALL OTHER LIMITATIONS OR EXCLUSIONS REFER TO YOUR POLICY FOR COMPLETE DETAILS ON TERMS AND PROVISIONS\*\***

**Louisiana Surplus Lines insurance from Unauthorized Insurers**

**NOTICE**

**This insurance policy is delivered as surplus lines coverage under the Louisiana Insurance Code. In the event of insolvency of the company issuing this contract, the policyholder or claimant is not covered by the Louisiana Insurance Guaranty Association which guarantees only specific types of policies issued by insurance companies authorized to do business in Louisiana.**

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

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

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

"Certified Act of Terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "Certified Act of Terrorism" include the following:

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

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

B. The following exclusion is added to this policy and supercedes any provision to the contrary:

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

The Companies will not pay for loss or damage caused directly or indirectly by a "Certified Act of Terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

C. **Exception Covering Certain Fire Losses**

As respects to property located in states that have Standard Fire Policy or similar laws mandating that insurance Companies provide coverage for "fire following" any Certified Acts of Terrorism, the following exception to the exclusion in Paragraph B. applies:

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

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and the Companies have met their individual Companies' deductible(s) under the Terrorism Risk Insurance Act, the Companies shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

D. **Application Of Other Exclusions**

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

All other terms and conditions remain unchanged.