

Exporters Liability

ACE American Insurance Company



Chubb
Global Casualty
Routing 1275-2W
One Beaver Valley Road
Wilmington, DE 19803

1.800.204.0518 *tel*
302.476.6456 *fax*

ARTHUR J GALLAGHER & CO INSURANCE BROKERS OF CA INC
18201 VON KARMAN
SUITE 200
IRVINE, CA 92612

RE: Insured Name – County of San Bernardino and All Board Governed Special Dist
Policy Number – PHFD42232518 004
Policy Term – 07/01/2021
07/01/2022

Dear Nasreen:

Enclosed is the Renewal policy for the above named insured.

Thank you for the opportunity to provide a solution for the international insurance needs of County of San Bernardino and All Board Governed Special Dist. On behalf of Chubb Global Casualty, I am pleased to present the attached International Advantage® Package Policy with Executive Assistance® Services.

Included with this letter and the Policy are the following documents to be shared with the Policyholder:

- Premium Payments Procedures
- Claim Reporting Procedures
- Chubb's Privacy position, required by law to be provided to Policyholders with each new business policy or each renewal term change
- Explanation of Executive Assistance® Services and other proprietary information regarding the use of those Services. A benefit that complements the International Advantage® Package Policy coverage plan, Executive Assistance® Services are designed to provide covered employees, volunteers or students with pre-trip security information, as well as emergency assistance, emergency medical and political evacuation, or concierge services while they are traveling on covered trips worldwide. This information must be delivered to the contact at County of San Bernardino and All Board Governed Special Dist who is responsible for supplying covered services information.
- Advisory Notice to Policyholders on United States Office of Foreign Assets Control requirements regarding trade-related sanctions against certain designated foreign countries and Specially-Designated Nationals. This advisory is provided as a courtesy. Trade or Economic Sanctions are addressed in Our Common Policy Conditions.

Chubb, with offices in 18 cities, is the U.S.-based retail operating division of the Chubb Companies, a global leader in property and casualty insurance and reinsurance that serves a diverse group of clients. Rated A+ (Superior) by A.M. Best Company and AA- (Very Strong) by Standard & Poor's, Chubb conducts business on a worldwide basis in more than 140 countries.

Our goal is to provide you and your client with continuous quality service. After reviewing your document(s), if further assistance is needed, contact us at 1.800.204.0518.

Contact information:

Underwriter: Terry Seningen

terry.seningen@Chubb.com

302-476-6409

Multinational Account Specialist: Alexis Booker

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INTERNATIONAL ADVANTAGE®

COMMERCIAL INSURANCE POLICY

I. INTRODUCTION

This is your Commercial Insurance Policy. It offers a wide range of protection designed to meet today's complex insurance needs. Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

II. HOW TO READ THIS POLICY

This policy is keyed to the coverages shown in the Declarations. You have only those coverages for which a limit or other specification is shown in the Declarations.

This policy may provide several different kinds of coverage. The forms included explain the coverages shown in the Declarations, and include certain extensions of coverage that may apply.

The titles and headings to the various parts, sections, subsections and endorsements of this policy are included solely for ease of reference and do not in any way limit, expand or otherwise affect the provisions of such parts, sections, subsections or endorsements. The singular of a term includes the plural, and vice versa.

Whenever a loss occurs or a claim is to be presented, there are certain things you must do to help us settle the claim. These are described in the **CONDITIONS** sections of your policy.

Finally, read the **COMMON POLICY CONDITIONS**. This section gives you information on when and where the policy will be in effect, the payment of premiums, changes in the policy and cancellation. The **COMMON POLICY CONDITIONS** also contains other important information about the policy.

III. YOU AND YOUR

Throughout the policy the terms "you" and "your" mean the person, people, or organization shown as the Named Insured in the Declarations. Besides "you," there may be other people "insured" under certain parts of the policy.

IV. WE, US, AND OUR

Throughout the policy the terms "we", "us", and "our" mean the insurance company issuing this policy.

V. INSURED

The word "insured" means any person or organization qualifying as such under the **WHO IS AN INSURED** sections of the coverage form in which they appear.

VI. WORDS IN QUOTATION MARKS


Words and phrases that appear in quotation marks have the special meaning given to them in the **DEFINITIONS** sections of the coverage form in which they appear.

By signing and delivering the policy to you, we state that it is a valid contract when counter-signed by our authorized representative.

ACE AMERICAN INSURANCE COMPANY



REBECCA L. COLLINS, Secretary



JOHN J. LUPICA, President



GENERAL DECLARATIONS

INTERNATIONAL ADVANTAGE® COMMERCIAL INSURANCE POLICY

COMPANY NAME:
ACE AMERICAN INSURANCE COMPANY

POLICY SYMBOL AND NUMBER:

PHF

D42232518 004

Renewed or in place of:

PHF

D42232518 003

NAMED INSURED AND MAILING ADDRESS:

**County of San Bernardino and All Board Governed Special Dist
222 W Hospitality Ln
3rd Floor
San Bernardino, CA 92415**

NAMED INSURED IS: Corporation

POLICY PERIOD:

When Coverage Begins:

07/01/2021

When Coverage Ends:

07/01/2022

12:01 A.M. Standard Time at your mailing address shown above

CURRENCY: **U.S. DOLLARS**

PREMIUM:	2,500 Due When Coverage Begins
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In return for the payment of premium indicated above, we agree with you to provide insurance in accordance with the terms and conditions of this policy. If the Coverage Declarations indicate that this insurance is subject to audit or if there is a reporting condition endorsement, the premium stated is an estimate and subject to adjustment.

These Declarations apply for the policy period shown above. Together with the policy sections for Coverage, Common Policy Conditions and Endorsements, these Declarations complete your policy. For renewal policy periods, all Coverage Forms and Endorsements for the expiring policy period are continued in full force and effect unless specifically deleted.

PRODUCER: Nasreen Kopecky

Code / Office: **226093**

NAME AND MAILING ADDRESS:

**ARTHUR J GALLAGHER & CO INSURANCE BROKERS OF
CA INC
18201 VON KARMAN
SUITE 200
IRVINE, CA 92612
Nasreen_Kopecky@ajg.com**

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LIABILITY COVERAGES DECLARATIONS ACE AMERICAN INSURANCE COMPANY

NAMED INSURED:	County of San Bernardino and All Board Governed Special Dist
and address:	222 W Hospitality Ln 3rd Floor San Bernardino CA 92415
POLICY NUMBER:	PHFD42232518 004
POLICY PERIOD:	07/01/2021 to 07/01/2022 at 12:01 Standard Time at the address shown above

COVERAGES

LIMITS OF INSURANCE

(Insurance applies only to those coverages for which a Limit of Insurance is shown)

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Not Covered	Each Occurrence
NOT APPLICABLE	General Aggregate
Not Covered	Products-Completed Operations Aggregate
Not Covered	Personal and Advertising Injury Limit (any one person or organization)
Not Covered	Damage To Premises Rented to You Limit (any one premises)
Not Covered	Medical Expenses Limit (any one person)

EMPLOYEE BENEFITS LIABILITY COVERAGE FORM

Not Covered	Each Claim
Not Covered	Annual Aggregate Limit

CONTINGENT AUTO LIABILITY COVERAGE FORM

\$1,000,000	Each Accident
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☐

PREMIUM AUDIT APPLIES.

☒

PREMIUM AUDIT DOES NOT APPLY.

COVERAGE TERRITORY FOR LIABILITY COVERAGES

The Coverage Territory for COMMERCIAL GENERAL LIABILITY COVERAGE, EMPLOYEE BENEFITS COVERAGE, and CONTINGENT AUTO LIABILITY COVERAGE means:

ANYWHERE IN THE WORLD but excluding the United States of America (including its territories and

possessions), Puerto Rico, and Canada; and except as otherwise limited or extended by this insurance.

In jurisdictions where we may be prevented by law or otherwise from paying on behalf of or defending the insured, we will:

1. indemnify the insured for those sums that the “insured” becomes legally obligated to pay as damages to which the insurance applies and;
 2. pay the cost of defense and aid and manage the insured's defense.
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Named Insured: County of San Bernardino and All Board Governed Special Dist

Policy Number: PHFD42232518 004

Declarations Effective: 07/01/2021

Company Name: ACE American Insurance Company

EMPLOYERS RESPONSIBILITY COVERAGES DECLARATIONS

I. BENEFITS FOR VOLUNTARY COMPENSATION

North Americans : State of Hire
Third Country Nationals : Country of Origin
Local Nationals : Country of Origin

II. EXECUTIVE ASSISTANCE® SERVICES

\$1,000,000 policy limit for Medical Assistance Services

III. EMPLOYERS LIABILITY

Bodily Injury by Accident	\$1,000,000	each accident
Bodily Injury by Disease		
including by "endemic disease"	\$1,000,000	each employee
Bodily Injury by Disease		
including by "endemic disease"	\$1,000,000	policy limit

In jurisdictions where we may be prevented by law or otherwise from paying on your behalf or defending you, we will:

1. indemnify you for those sums you become legally obligated to pay as damages to which this insurance applies; and
2. pay the cost of your defense and aid and manage such defense.

Coverage Territory for Employers Responsibility Coverages

This insurance applies

1. to claims you make for "voluntary compensation" and repatriation for employees of your workplaces included below;
2. to claims or suits for damages for employers liability brought against you by employees of your workplaces included below;
3. to assistance rendered to employees of your workplaces included below, when traveling 100 miles or more from home, and to "expatriate employees" without limitation of travel distance:

ANYWHERE IN THE WORLD but excluding:

1. the United States of America (including its territories and possessions), Puerto Rico, and Canada; and except as otherwise limited or extended by this insurance.
2. any country or jurisdiction which is the subject of trade or economic sanctions imposed by the laws or regulations of the United States of America.

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INTERNATIONAL ADVANTAGE® COMMERCIAL PROPERTY DECLARATIONS

POLICY NUMBER: PHFD42232518 004

I. FIRST NAMED INSURED: County of San Bernardino and All Board Governed Special Dist

II. FIRST NAMED INSURED'S MAILING ADDRESS:

222 W Hospitality Ln
3rd Floor
San Bernardino, CA 92415

III. INSURER ISSUING THIS POLICY: ACE American Insurance Company

State of Domicile of Insurer: Pennsylvania

IV. PRODUCER: ARTHUR J GALLAGHER & CO INSURANCE BROKERS OF CA INC

PRODUCER ADDRESS:

18201 VON KARMAN
SUITE 200
IRVINE, CA 92612

V. POLICY PERIOD:

This Policy will begin and end at 12:01 a.m. standard time at the location of Covered Property as shown below:

FROM: 07/01/2021

TO: 07/01/2022

VI. LIMIT OF LIABILITY AND SUB-LIMITS OF LIABILITY:

A. LIMIT OF LIABILITY: \$250,000 Per Occurrence

Subject to any applicable Sub-Limits, deductibles, and per location values, shown herein.

B. SUB-LIMITS OF LIABILITY (all values are in U.S. dollars):

COVERAGE	SUB-LIMIT OF LIABILITY	Per Occurrence, Term Aggregate, or other
Earth Movement, Flood, and Named Windstorm, combined, subject to and including:	\$25,000, subject to and including:	Term Aggregate (all)
A. Foreign Seismic Zones; and	Not Covered, and	
B. Special Hazard Flood Area;	Not Covered	
Accounts Receivable	\$100,000	Per Occurrence
Coinsurance Deficiency and Currency Devaluation	\$500,000	Per Occurrence
Consequential Reduction in Value	\$250,000	Per Occurrence
Course of Construction ("COC")	\$250,000	Per Occurrence
Debris Removal	The lesser of \$300,000, or 25% of the adjusted PROPERTY DAMAGE and TIME ELEMENT combined loss	Per Occurrence
Decontamination Costs	\$25,000	Per Occurrence
Deferred Payments	\$250,000	Per Occurrence
Demolition and Increased Cost of Construction	\$250,000	Per Occurrence
Errors and Omissions	\$250,000	Per Occurrence
Expediting Costs	\$250,000	Per Occurrence
Fine Arts	\$50,000	Per Occurrence
Fungus, Wet Rot, Dry Rot, and Moss	\$50,000	Term Aggregate
Installation at Any Job Site	\$50,000	Per Occurrence
Inventory or Appraisals	\$50,000	Per Occurrence
Land and Water Contaminant or Pollutant Cleanup, Removal and Disposal	\$250,000	Term Aggregate
Landscaping Improvements	\$100,000	Per Occurrence
Legal Liability	\$10,000	Per Occurrence
Miscellaneous Personal Property	\$250,000	Per Occurrence
Miscellaneous Unnamed Insured Locations	\$250,000	Per Occurrence
Money and Securities	\$25,000	Per Occurrence
Neighbor's Recourse and Tenant's Liability	\$2,500,000	Per Occurrence
Newly Acquired Property	\$250,000	Term Aggregate, subject to Time Limit shown in C. TIME LIMITS below
Off Premises Storage For Property Under Course of Construction	\$50,000	Per Occurrence
Outdoor Property	\$10,000	Per Occurrence
Professional Fees	\$250,000	Per Occurrence
Protection and Preservation of Property	\$25,000	Per Occurrence
Service Interruption Property Damage	\$250,000	Per Occurrence
Tax Liability	\$500,000	Per Occurrence
Temporary Removal of Property	\$10,000	Per Occurrence
Transit	\$250,000	Per Occurrence
Valuable Papers and Records	\$25,000	Per Occurrence

TIME ELEMENT

COVERAGE	SUB-LIMIT OF LIABILITY	Per Occurrence, Term Aggregate, or other
Time Element, subject to and including the following Sub-limits of Liability:	\$25,000	Per Occurrence
Business Income	\$25,000	Per Occurrence
Extra Expense	\$250,000	Per Occurrence
Leasehold Interest	\$100,000	Per Occurrence
Rental Insurance	\$100,000	Per Occurrence
Commissions, Profits, and Royalties	\$250,000	Per Occurrence
Civil Authority	\$100,000	Per Occurrence, subject to Time Limit shown in C. TIME LIMITS below
Delay in Start Up of Property in the Course of Construction	\$10,000	Per Occurrence
Contingent Time Element	\$250,000	Per Occurrence
Extended Period of Liability	\$25,000	Per Occurrence, subject to Time Line shown in C. TIME LIMITS below
Ingress/Egress	\$100,000	Per Occurrence, subject to Time Limit shown in C. TIME LIMITS below
Service Interruption Time Element	\$100,000	Per Occurrence

BOILER AND MACHINERY

Boiler and Machinery, subject to and including the following Sub-limits of Liability:	\$250,000	Per Breakdown
Time Element Coverage – Boiler and Machinery, subject to and including the following Sub-Limit of Liability:	\$250,000	Per Breakdown
1. Utility Interruption – Time Element Coverage – Boiler and Machinery	\$100,000	
Decontamination Costs – Boiler and Machinery	\$100,000	Per Breakdown
Perishable Goods – Boiler and Machinery	\$100,000	Per Breakdown
Refrigerant Contamination	\$100,000	Per Breakdown
Resulting Fungus, Wet or Dry Rot and Moss – Boiler and Machinery	\$50,000	Term Aggregate
Water Damage Coverage	\$100,000	Term Aggregate

C. TIME LIMITS

Time Limit	COVERAGE
30 days	Civil Authority
5 days	Delay in Start-Up of Property in the Course of Construction
365 days	Extended Period of Liability
30 days	Ingress/Egress
90 days	Newly Acquired Property

D. WAITING PERIODS

COVERAGE	Waiting Period
TIME ELEMENT (except Service Interruption Time Element)	24 hours from commencement of the interruption of the Insured's business
Service Interruption Time Element:	24 hours from commencement of the interruption of the specified incoming services
Time Element Coverage – Boiler and Machinery	24 hours from commencement of the interruption of the Insured's business

VII. DEDUCTIBLES

A. Per Occurrence: \$1,000

B. Earth Movement: \$5,000 or % per Occurrence, except:

1. Foreign Seismic Zones: Not Applicable or % per Occurrence
2. Minimum Deductible: \$5,000 or % per Occurrence

C. Flood: \$5,000 or % per Occurrence, except:

1. Special Hazard Flood Area: Not Applicable or % per Occurrence
2. Minimum Deductible: \$5,000 or % per Occurrence

D. Named Windstorm: \$5,000 or % per Occurrence, except:

1. Foreign Tier 1 Locations: \$5,000 or % per Occurrence
2. Minimum Deductible: \$5,000 or % per Occurrence

E. Boiler and Machinery: per Breakdown, except

1. Business Income and Extra Expense:

☒ USD or

☐ Average Daily Time Element Value, multiplied by Not Applicable

2. Combined: \$1,000

F. Contingent Time Element Per Occurrence: \$1,000

VIII.COINSURANCE – Time Element: N/A

IX. PREMIUM FOR THIS COVERAGE PART: \$1,533

Terrorism Risk Insurance Act (TRIA) PREMIUM: Not Applicable

TOTAL PREMIUM FOR THIS COVERAGE PART: \$1,533
(NOTE: there may be additional surcharges and charges)

SCHEDULES MADE PART OF THIS COVERAGE FORM

1. Schedule of Insured Locations dated

With respect to the schedule of locations the most we will pay for any Covered Cause of Loss that arise from any one Occurrence is the applicable limit or sub-limit of insurance, but in no event will we pay more than the per location values for Building, Personal Property and Business Income as shown on the schedule of locations submitted to the company on .

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INTERNATIONAL ADVANTAGE® EMPLOYEE DISHONESTY COVERAGE DECLARATIONS

ACE AMERICAN INSURANCE COMPANY

NAMED INSURED: County of San Bernardino and All Board Governed Special Dist

POLICY NUMBER: D42232518 004

EFFECTIVE DATE: 07/01/2021

Insurance applies only to those coverages for which a Limit of Insurance is shown:

LIMIT OF INSURANCE: \$25,000 in any one "occurrence"

Deductible: \$1,000 in any one "occurrence"

COVERAGE TERRITORY FOR EMPLOYEE DISHONESTY COVERAGE:

This insurance applies to acts committed by "employee" resident within and engaged in the regular service of the insured within (including "employee" while temporarily elsewhere):

ANYWHERE IN THE WORLD

but excludes:

1. the United States of America (including its territories and possessions) and Puerto Rico;
2. any country or jurisdiction, which is the subject of trade or economic sanctions, imposed by the laws or regulations of the United States of America.

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All coverages of this policy are subject to the following conditions.

1. Bankruptcy and Insolvency

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

2. Cancellation

- a. The first Named Insured shown in the Declarations ("first Named Insured") may cancel this policy by mailing or delivering to us advance written notice of cancellation.
- b. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium.
 - (2) 90 days before the effective date of cancellation if we cancel for any other reason.
- c. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
- d. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
- e. If we cancel this policy, we will send the first Named Insured any premium refund due. The refund will be pro rata. The cancellation will be effective even if we have not made or offered a refund.
- f. If the first Named Insured cancels this policy, we will send the first Named Insured any premium refund due. The refund may be less than pro rata, and will be calculated using the customary standard short rate scale or the cancellation tables promulgated under the laws of the state shown in the first Named Insured's mailing address on the Declarations, whichever is more beneficial to the first Named Insured. The cancellation will be effective even if we have not made or offered a refund.
- g. If notice is mailed, proof of mailing will be sufficient proof of notice.

3. Changes

This policy, including all endorsements hereto, contains all the agreements between you and us concerning the insurance afforded. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

4. Concealment, Misrepresentation Or Fraud

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

- (1) This policy;
- (2) The Covered Property or Covered Auto;
- (3) Your interest in the Covered Property or Covered Auto; or

(4) A claim under this policy.

5. Currency

The currency which applies to insurances under this policy is stated in the Declarations. If a loss recoverable under this policy is agreed in another currency, conversion will be at the free rate of exchange on the date of payment. The actual cost of repair or replacement which is not incurred until after the date of agreement will be settled at the time the actual costs are incurred.

6. Examination Of Your Books And Records

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

7. Inspections And Surveys

We have the right but are not obligated to:

- a. Make inspections and surveys at any time;
- b. Give you reports on the conditions we find; and
- c. Recommend changes.

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

- a. Are safe or healthful; or
- b. Comply with laws, regulations, codes or standards. This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

8. Insurance Under Two Or More Coverages

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

9. Liberalization

If we revise or replace a Coverage Form that is part of this policy during the policy period to provide more coverage without an additional premium charge, that Coverage Form will automatically provide the additional coverage as of the day that we adopt the revision.

10. Premiums

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

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

- (1) Paid in accordance with our payment terms;

- (2) Determined in accordance with Paragraph b. above.

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

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

11. Premium Audit

- a. If this policy is subject to audit as designated on the Declarations, then the premium shown on the Declarations is an advance premium. We will compute the final premium due when we determine your actual exposures.
- b. Premium shown in this policy as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.
- d. If the first Named Insured does not provide us with all requested information within the time required by us, we will estimate the auditable exposure and calculate the audit premium based on such exposure.

12. Sole Agent

If more than one person or organization is insured under this policy, the first one named in the Declarations ("first Named Insured") will act on behalf of all others.

13. Transfer Of Rights Of Recovery Against Others To Us

- a. Applicable to Property Coverage:

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

- (1) Prior to a loss to your Covered Property.

- (2) After a loss to your Covered Property only if, at time of loss, that party is one of the following:

- (a) Someone insured by this insurance;

- (b) A business firm:

- (i) Owned or controlled by you; or
- (ii) That owns or controls you; or
- (c) Your tenant. You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers. This will not restrict your insurance.

b. Applicable to Liability Coverages:

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

14. Transfer Of Your Rights And Duties Under This Policy

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

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

15. Unintentional Errors or Omissions

Your unintentional failure or omission to disclose all hazards existing as of the inception date of this policy shall not prejudice coverage afforded by this policy.

16. When We Do Not Renew

If we decide not to renew this policy, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 90 days before the expiration date. If notice is mailed, proof of mailing will be sufficient proof of notice.

17. When Your Coverage Begins

Your coverage under this policy will begin and end at 12:01 a.m. standard time at the address of the Named Insured and on the dates shown in the Declarations. However, if this policy replaces other coverage that ends on the same day this policy begins, this policy will not take effect until the other coverage ends.

18. Trade or Economic Sanctions or Other Laws

This insurance does not apply to the extent that trade or economic sanctions or other laws or regulations prohibit us from providing insurance, including, but not limited to, the payment of claims.



CONTINGENT AUTO LIABILITY COVERAGE FORM

THIS INSURANCE MAY NOT BE OFFERED IN SATISFACTION OF INSURANCE REQUIREMENTS OF ANY MOTOR VEHICLE LAW ANYWHERE.

SECTION I – LIABILITY COVERAGE

A. Insuring Agreement

The insurance provided by this Coverage Form is “contingent”.

We will pay all sums an “insured” legally must pay as damages because of “bodily injury” or “property damage” to which this insurance applies, caused by an “accident” and resulting from the ownership, maintenance or use of a covered “auto”.

We will also pay all sums an “insured” legally must pay as a “covered pollution cost or expense” to which this insurance applies, caused by an “accident” and resulting from the ownership, maintenance or use of covered “autos”. However, we will only pay for the “covered pollution cost or expense” if there is either “bodily injury” or “property damage” to which this insurance applies that is caused by the same “accident”.

We have the right and duty to defend any “insured” against a “suit” asking for such damages or for a “covered pollution cost or expense”. However, we have no duty to defend any “insured” against a “suit” seeking damages for “bodily injury” or “property damage” or a “covered pollution cost or expense” to which this insurance does not apply. We may investigate and settle any claim or “suit” as we consider appropriate. Our duty to defend or settle ends when the Contingent Auto Liability Coverage Form Limit of Insurance has been exhausted by payment of judgments or settlements.

Subject to the settlement, investigation and defense provisions, Policy Period, and Coverage Territory Conditions, this insurance applies to claims made or “suits” brought worldwide.

B. Supplementary Payments

In addition to the Limit of Insurance, we will pay for the “insured”:

1. All expenses we incur.
2. Up to \$2,000 for cost of bail bonds (including bonds for related traffic law violations) required because of an “accident” we cover. We do not have to furnish these bonds.
3. The cost of bonds to release attachments in any “suit” against the “insured” we defend, but only for bond amounts within our Limit of Insurance.
4. All reasonable expenses incurred by the “insured” at our request, including actual loss of earnings up to \$250 a day because of time off from work.
5. All court costs taxed against the “insured” in any “suit” against the “insured” we defend.
6. All interest on the full amount of any judgment that accrues after entry of the judgment in any “suit” against the “insured” we defend, but our duty to pay interest ends when we have paid, offered to pay or deposited in court the part of the judgment that is within our Limit of Insurance.

These payments will not reduce the Limit of Insurance.

C. Exclusions

This insurance does not apply to any of the following:

1. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the "insured".

2. Contractual

Liability assumed under any contract or agreement.

But this exclusion does not apply to liability for damages:

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

3. "Workers' Compensation and Similar Laws"

Any obligation for which the "insured" or the "insured's" insurer may be held liable under any workers' compensation, disability benefits or unemployment compensation law or any similar law.

4. Employee Indemnification And Employer's Liability

"Bodily injury" to:

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

This exclusion applies:

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

But this exclusion does not apply to "bodily injury" to domestic "employees" not entitled to workers' compensation benefits or to liability assumed by the "insured" under an "insured contract". For the purposes of this Coverage Form, a domestic "employee" is a person engaged in household or domestic work performed principally in connection with a residence premises.

5. Fellow Employee

"Bodily injury" to any fellow "employee" of the "insured" arising out of and in the course of the fellow "employee's" employment or while performing duties related to the conduct of your business.

6. Care, Custody Or Control

"Property damage" to or "covered pollution cost or expense" involving property owned or transported by the "insured" or in the "insured's" care, custody or control. But this exclusion does not apply to liability assumed under a sidetrack agreement.

7. Handling Of Property

"Bodily injury" or "property damage" resulting from the handling of property:

- a. Before it is moved from the place where it is accepted by the "insured" for movement into or onto the covered "auto"; or
- b. After it is moved from the covered "auto" to the place where it is finally delivered by the "insured".

8. Movement Of Property By Mechanical Device

"Bodily injury" or "property damage" resulting from the movement of property by a mechanical device (other than a hand truck) unless the device is attached to the covered "auto".

9. Operations

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

- a. Any equipment listed in Paragraphs **6.b.** and **6.c.** of the definition of "mobile equipment"; or
- b. Machinery or equipment that is on, attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

10. Completed Operations

"Bodily injury" or "property damage" arising out of your work after that work has been completed or abandoned.

In this exclusion, your work means:

- a. Work or operations performed by you or on your behalf; and
- b. Materials, parts or equipment furnished in connection with such work or operations.

Your work includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in Paragraphs **a.** or **b.** above.

Your work will be deemed completed at the earliest of the following times:

- (1) When all of the work called for in your contract has been completed.
- (2) When all of the work to be done at the site has been completed if your contract calls for work at more than one site.
- (3) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

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

11. Pollution

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

- a. That are, or that are contained in any property that is:
 - (1) Being transported or towed by, handled, or handled for movement into, onto or from, the covered "auto";
 - (2) Otherwise in the course of transit by or on behalf of the "insured"; or

- (3) Being stored, disposed of, treated or processed in or upon the covered "auto";
- b. Before the "pollutants" or any property in which the "pollutants" are contained are moved from the place where they are accepted by the "insured" for movement into or onto the covered "auto"; or
- c. After the "pollutants" or any property in which the "pollutants" are contained are moved from the covered "auto" to the place where they are finally delivered, disposed of or abandoned by the "insured".

Paragraph **a.** above does not apply to fuels, lubricants, fluids, exhaust gases or other similar "pollutants" that are needed for or result from the normal electrical, hydraulic or mechanical functioning of the covered "auto" or its parts, if:

- (1) The "pollutants" escape, seep, migrate, or are discharged, dispersed or released directly from an "auto" part designed by its manufacturer to hold, store, receive or dispose of such "pollutants"; and
- (2) The "bodily injury", "property damage" or "covered pollution cost or expense" does not arise out of the operation of any equipment listed in Paragraphs 6.b. and 6.c. of the definition of "mobile equipment".

Paragraphs **b.** and **c.** above of this exclusion do not apply to "accidents" that occur away from premises owned by or rented to an "insured" with respect to "pollutants" not in or upon a covered "auto" if:

- (1) The "pollutants" or any property in which the "pollutants" are contained are upset, overturned or damaged as a result of the maintenance or use of a covered "auto"; and
- (2) The discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused directly by such upset, overturn or damage.

12. War

"Bodily injury", "property damage" or "covered pollution cost or expense" arising directly or indirectly, out of:

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

13. Racing

Covered "autos" while used in any professional or organized racing or demolition contest or stunting activity, or while practicing for such contest or activity. This insurance also does not apply while that covered "auto" is being prepared for such a contest or activity.

14. Nuclear

Any injury, damage, expense, cost, loss, liability or legal obligation arising out of "nuclear". We shall have no duty or obligation to provide or pay for the investigation or defense of any "suit" excluded under "nuclear".

15. Statutory Coverage

Satisfaction of any mandatory insurance or financial responsibility requirement imposed by any statute, ordinance or regulation in any jurisdiction.

SECTION II – COVERED AUTOS

The following are covered “autos”:

A. Owned Autos

Only those “autos” you own (and any “trailers” you don’t own while attached to power units you own). This includes those “autos” you acquire ownership of after the policy begins.

B. Hired Autos

Only those “autos” you lease, hire, rent or borrow. This does not include any “auto” you lease, hire, rent, or borrow from any of your “employees”, partners (if you are a partnership), members (if you are a limited liability company) or members of their households.

C. Non-owned Autos

Only those “autos” you do not own, lease, hire, rent or borrow that are used in connection with your business. This includes “autos” owned by your “employees”, partners (if you are a partnership), members (if you are a limited liability company), or members of their households but only while used in your business or your personal affairs.

D. Mobile Equipment Subject to Compulsory or Financial Responsibility Or Other Motor Vehicle Law Only

Only those “autos” that are land vehicles and that would qualify under the definition of “mobile equipment” under this policy if they were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where they are licensed or principally garaged.

E. Newly Acquired Autos

Those “autos” that you acquire of the types described in Paragraphs **A.**, **B.**, **C.**, and **D.** above for the remainder of the Policy Period.

F. Other Covered Autos

The following types of vehicles are also covered “autos” for Liability Coverage:

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

SECTION III - WHO IS AN INSURED

The following are “insureds”:

- A.** You for any covered “auto”.

- B.** Anyone else while using with your permission a covered "auto" you own, hire or borrow except:
1. The owner or anyone else from whom you hire or borrow a covered "auto". This exception does not apply if the covered "auto" is a "trailer" connected to a covered "auto" you own.
 2. Your "employee" if the covered "auto" is owned by that "employee" or a member of his or her household.
 3. Someone using a covered "auto" while he or she is working in a business of selling, servicing, repairing, parking or storing "autos" unless that business is yours.
 4. Anyone other than your "employees", partners (if you are a partnership), members (if you are a limited liability company), or a lessee or borrower or any of their "employees", while moving property to or from a covered "auto".
 5. A partner (if you are a partnership), or a member (if you are a limited liability company) for a covered "auto" owned by him or her or a member of his or her household.
- C.** Anyone liable for the conduct of an "insured" described above but only to the extent of that liability.

SECTION IV - LIMIT OF INSURANCE

Regardless of the number of covered "autos", "insureds", premiums paid, claims made or vehicles involved in the "accident", the most we will pay for the total of all damages and "covered pollution cost or expense" combined, resulting from any one "accident" is the Limit of Insurance for Liability Coverage shown in the Declarations.

All "bodily injury", "property damage" and "covered pollution cost or expense" resulting from continuous or repeated exposure to substantially the same conditions will be considered as resulting from one "accident".

No one will be entitled to receive duplicate payments for the same elements of "loss" under this Coverage Form and any Medical Payments Coverage Endorsement attached to this Coverage Form.

SECTION V – AUTO CONDITIONS

The following conditions apply in addition to the Common Policy Conditions:

A. Duties In The Event Of Accident, Claim, Suit Or Loss

We have no duty to provide coverage under this policy unless there has been full compliance with the following duties:

1. In the event of "accident", claim, "suit" or "loss", you must give us or our authorized representative prompt notice of the "accident" or "loss". Include:
 - a. How, when and where the "accident" or "loss" occurred;
 - b. The "insured's" name and address; and
 - c. To the extent possible, the names and addresses of any injured persons and witnesses.
2. Additionally, you and any other involved "insured" must:
 - a. Assume no obligation, make no payment or incur no expense without our consent, except at the "insured's" own cost.
 - b. Immediately send us copies of any request, demand, order, notice, summons or legal paper received concerning the claim or "suit".
 - c. Cooperate with us in the investigation or settlement of the claim or defense against the "suit".

- d. Authorize us to obtain medical records or other pertinent information.
- e. Submit to examination, at our expense, by physicians of our choice, as often as we reasonably require.

B. Legal Action Against Us

No one may bring a legal action against us under this Coverage Form until:

- 1. There has been full compliance with all the terms of this Coverage Form; and
- 2. We agree in writing that the “insured” has an obligation to pay or until the amount of that obligation has finally been determined by judgment after trial. No one has the right under this policy to bring us into an action to determine the “insured's” liability.

C. Transfer Of Rights Of Recovery Against Others To Us

If any person or organization to or for whom we make payment under this Coverage Form has rights to recover damages from another, those rights are transferred to us. That person or organization must do everything necessary to secure our rights and must do nothing after “accident” or “loss” to impair them.

D. Other Insurance

1. Excess Insurance

The insurance provided by this Coverage Form is excess. This insurance is excess over any other insurance, whether primary, excess, contingent or on any other basis that is “auto” coverage, including, but not limited to, any “auto” coverage required by law, regulation or other governmental authority. Our Limits of Insurance will be reduced by the amount of such other insurance including any deductibles or self-insured retention amounts.

The insurance provided by this Coverage Form will not act as a substitute for any “auto” coverage required by law, regulation or other governmental authority. Failure to maintain such coverage required by law, regulation or other governmental authority will not invalidate this insurance. However, this insurance will apply as if the coverage required by law, regulation or other governmental authority was in full force and effect.

2. Primary Insurance

The insurance provided by this Coverage Form will take the place of primary insurance when the insured has no primary insurance, provided that such primary insurance is not required by law, regulation or other governmental authority.

E. Maintenance of Underlying Insurance

- 1. The “insured” must have and maintain “auto” insurance required by law, regulation or other governmental authority in full force and effect during the policy period, except for reduction of aggregate limits due to payments of claims, judgments or settlements.
- 2. The following additional provisions apply with respect to Owned “Autos” or Hired “Autos (as those terms are described in **SECTION II – COVERED AUTOS, A. Owned Autos** and **B. Hired Autos** above) that you lease for a continuous period of more than thirty (30) consecutive days:
 - a. The “insured” must have and maintain primary “auto” insurance (herein referred to as underlying insurance) in full force and effect throughout the policy period with minimum limits:
 - (1) As required by applicable motor vehicle insurance law and/or financial responsibility law;
 - or

- (2) Equivalent to \$25,000 each "accident" Combined Single Limit for "bodily injury" and "property damage";

whichever is higher.

- b. The coverage provided by this Coverage Form is excess. Our Limits of Insurance will be reduced by the amount of such underlying insurance including any deductibles or self-insured retention amounts.
- c. If the "insured" fails to have and maintain such underlying insurance as shown above, the coverage provided herein will apply as if such underlying insurance was in full force and effect.

F. Premium Audit

The estimated premium for this Coverage Form is based on the exposures you told us you would have when this policy began. We will compute the final premium due when we determine your actual exposures. The estimated total premium will be credited against the final premium due and the first Named Insured will be billed for the balance, if any. The due date for the final premium or retrospective premium is the date shown as the due date on the bill. If the estimated total premium exceeds the final premium due, the first Named Insured will get a refund.

If this policy is issued for more than one year, the premium for this Coverage Form will be computed annually based on our rates or premiums in effect at the beginning of each year of the policy.

G. Policy Period, Coverage Territory

Under this Coverage Form, we cover "accidents" and "losses" occurring:

- 1. During the Policy Period shown in the Declarations; and
- 2. Within the "coverage territory" for COMMERCIAL AUTO LIABILITY COVERAGE shown in the Declarations.
- 3. We also cover "accidents" involving a covered "auto" while being transported between places which are in the "coverage territory."

H. Two Or More Coverage Forms Or Policies Issued By Us

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

I. Knowledge Of An Accident

Knowledge of an "accident" by any of your agents, servants or employees shall not constitute knowledge by you unless one of your executive officers or anyone responsible for administering your insurance program has received notice from the agent, servant or employee.

J. Expanded Coverage Territory and Currency

All payments or reimbursements we make for damages because of judgments or settlements will be made in U.S. currency at the prevailing exchange rate at the time the "insured" became legally obligated to pay such sums. All payments or reimbursements we make for expenses under Supplementary Payments will be made in U.S. currency at the prevailing exchange rate at the time the expenses were incurred.

SECTION VI – DEFINITIONS

A. **“Accident”** includes continuous or repeated exposure to the same conditions resulting in “bodily injury” or “property damage”.

B. **“Auto”** means:

1. A land motor vehicle, “trailer” or semi trailer designed for travel on public roads; or
2. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

However, “auto” does not include “mobile equipment”.

C. **“Bodily injury”** means bodily injury, sickness or disease sustained by a person including death resulting from any of these.

D. **“Contingent”** means insurance issued to apply to claims or “suits” arising from “accidents” outside the country in which the insurance was issued. “Contingent” insurance takes the place of “primary” insurance when the insured has no “primary” insurance which applies.

“Contingent” insurance will pay only the amount by which its limit exceeds the limits of any “primary” insurance, including “primary” insurance issued on an excess basis, which applies.

When this insurance is “contingent”, we have the right but not the duty to defend.

If no “primary” insurance applies, then we have the duty to defend.

E. **“Coverage Territory”** means “Coverage Territory for Liability Coverages” shown in the Declarations.

The “coverage territory” also includes:

1. International waters or airspace, provided the “loss” to, or “accident” involving, a covered “auto” was during the course of transportation from one place to another when both places are not within the United States of America (including its territories and possessions), Puerto Rico or Canada;
2. The United States of America (including its territories and possessions), Puerto Rico or Canada, if the “insured’s” responsibility to pay damages is determined in a “suit” on the merits in any country other than the United States of America (including its territories or possessions), Puerto Rico or Canada.

F. **“Covered pollution cost or expense”** means any cost or expense arising out of:

1. Any request, demand, order or statutory or regulatory requirement that any “insured” or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of “pollutants”; or
2. Any claim or “suit” by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to or assessing the effects of “pollutants”.

“Covered pollution cost or expense” does not include any cost or expense arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of “pollutants”:

a. That are, or that are contained in any property that is:

- (1) Being transported or towed by, handled, or handled for movement into, onto or from the covered “auto”;
- (2) Otherwise in the course of transit by or on behalf of the “insured”;

- (3) Being stored, disposed of, treated or processed in or upon the covered "auto";
- b. Before the "pollutants" or any property in which the "pollutants" are contained are moved from the place where they are accepted by the "insured" for movement into or onto the covered "auto"; or
- c. After the "pollutants" or any property in which the "pollutants" are contained are moved from the covered "auto" to the place where they are finally delivered, disposed of or abandoned by the "insured".

Paragraph a. above does not apply to fuels, lubricants, fluids, exhaust gases or other similar "pollutants" that are needed for or result from the normal electrical, hydraulic or mechanical functioning of the covered "auto" or its parts, if:

- (1) The "pollutants" escape, seep, migrate, or are discharged, dispersed or released directly from an "auto" part designed by its manufacturer to hold, store, receive or dispose of such "pollutants"; and
- (2) The "bodily injury", "property damage" or "covered pollution cost or expense" does not arise out of the operation of any equipment listed in Paragraphs 6.b. or 6.c. of the definition of "mobile equipment".

Paragraphs b. and c. above do not apply to "accidents" that occur away from premises owned by or rented to an "insured" with respect to "pollutants" not in or upon a covered "auto" if:

- (1) The "pollutants" or any property in which the "pollutants" are contained are upset, overturned or damaged as a result of the maintenance or use of a covered "auto"; and
- (2) The discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused directly by such upset, overturn or damage.

G. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

H. "Insured" means any person or organization qualifying as an "insured" in the Who Is An Insured provision of the applicable coverage. Except with respect to the Limit of Insurance, the coverage afforded applies separately to each "insured" who is seeking coverage or against whom a claim or "suit" is brought.

I. "Insured contract" means:

- 1. A lease of premises;
- 2. A sidetrack agreement;
- 3. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- 4. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- 5. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another to pay for "bodily injury" or "property damage" to a third party or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement;
- 6. That part of any contract or agreement entered into, as part of your business, pertaining to the rental or lease, by you or any of your "employees", of any "auto". However, such contract or agreement shall not be considered an "insured contract" to the extent that it obligates you or any

of your “employees” to pay for “property damage” to any “auto” rented or leased by you or any of your “employees”.

An “insured contract” does not include that part of any contract or agreement:

- a. That indemnifies a railroad for “bodily injury” or “property damage” arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing; or
 - b. That pertains to the loan, lease or rental of an “auto” to you or any of your “employees”, if the “auto” is loaned, leased or rented with a driver; or
 - c. That holds a person or organization engaged in the business of transporting property by “auto” for hire harmless for your use of a covered “auto” over a route or territory that person or organization is authorized to serve by public authority.
- J. “Leased worker”** means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. “Leased worker” does not include a “temporary worker”.
- K. “Loss”** means direct and accidental loss or damage.
- L. “Mobile equipment”** means any of the following types of land vehicles, including any attached machinery or equipment:
- 1. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
 - 2. Vehicles maintained for use solely on or next to premises you own or rent;
 - 3. Vehicles that travel on crawler treads;
 - 4. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - a. Power cranes, shovels, loaders, diggers or drills; or
 - b. Road construction or resurfacing equipment such as graders, scrapers or rollers.
 - 5. Vehicles not described in Paragraphs **1.**, **2.**, **3.**, or **4.** above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - a. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - b. Cherry pickers and similar devices used to raise or lower workers.
 - 6. Vehicles not described in Paragraphs **1.**, **2.**, **3.**, or **4.** above maintained primarily for purposes other than the transportation of persons or cargo. However, self-propelled vehicles with the following types of permanently attached equipment are not “mobile equipment” but will be considered “autos”:
 - a. Equipment designed primarily for:
 - (1) Snow removal;
 - (2) Road maintenance, but not construction or resurfacing; or
 - (3) Street cleaning;
 - b. Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

- c. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting or well servicing equipment.

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

M. "Nuclear" means:

1. Under any Liability Coverage, to "bodily injury" or "property damage":
 - a. With respect to which any insured under the policy who is also an insured under a nuclear energy liability Policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any other similar nuclear energy liability insurance underwriting association or organization, or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
 - b. Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any other law or regulation requiring the insured to maintain such financial protection or any law amendatory thereof, or (b) the insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any other country, or any agency thereof, under any agreement entered into by the United States of America, or any other country, or any agency thereof, with any person or organization.
2. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.
3. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from the "hazardous properties" of "nuclear material", if:
 - a. The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf, of an insured or (b) has been discharged or dispersed therefrom;
 - b. The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of any insured; or
 - c. The "bodily injury" or "property damage" arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility".

As used in this definition of "nuclear":

- a. "Hazardous properties" includes radioactive, toxic, or explosive properties;
- b. "Nuclear material" means "source material," "special nuclear material" or "by-product material";
- c. "Source material", "special nuclear material" and "by-product material" have the meanings given them in Atomic Energy Act of 1954 or any law amendatory thereof;
- d. "Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor";
- e. "Waste" means any waste material (1) containing by-product material other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content and (2) resulting from the operation by any person or organization of any "nuclear facility" included under Paragraph (1) or (2) of the definition of "nuclear facility";

f. "Nuclear facility" means:

- (1) Any "nuclear reactor";
- (2) Any equipment or device designed or used for (a) separating the isotopes of uranium or plutonium, (b) processing or utilizing "spent fuel," or (c) handling, processing, or packaging "wastes";
- (3) Any equipment or device used for the processing, fabricating, or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
- (4) Any structure, basin, excavation, premises or place prepared or used for storage or disposal of "waste";

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

g. "Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

h. "Property damage" includes all forms of radioactive contamination of property.

N. "**Pollutants**" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste, biological material, bacteria, virus and intangibles which negatively affect the health and welfare of people, disrupt ecological balance, or desecrate the environment and negatively impact plants and non-human species. Waste means any substance or material that: (a) is left over, or no longer in use, or discarded; (b) is to be reclaimed, recycled, or reconditioned; or (c) has been removed, treated, stored, or disposed of as part of any environmental remediation, clean-up or response effort. Waste includes, but is not limited to, animal, human, medical and biological waste, even if used or intended for use as fertilizer or for any other use.

O. "**Primary**" means insurance issued to respond prior to other insurance to claims or "suits" brought in the country in which such insurance was issued. "Primary" insurance may include insurance for claims or "suits" arising from "occurrences" which take place outside the country in which such insurance was issued.

P. "**Property damage**" means damage to or loss of use of tangible property.

Q. "**Suit**" means a civil proceeding in which:

1. Damages because of "bodily injury" or "property damage"; or
2. A "covered pollution cost or expense",

to which this insurance applies, are alleged.

"Suit" includes:

- a. An arbitration proceeding in which such damages or "covered pollution costs or expenses" are claimed and to which the "insured" must submit or does submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages or "covered pollution costs or expenses" are claimed and to which the "insured" submits with our consent.

- R. **“Temporary worker”** means a person who is furnished to you to substitute for a permanent “employee” on leave or to meet seasonal or short-term workload conditions.
- S. **“Trailer”** includes a semi-trailer.
- T. **“Workers’ Compensation and Similar Laws”** means any workers compensation law, occupational disease law or any other legal authority imposing liability for or requiring payment of compensation, benefits, medical care or loss of wages to an “employee” by reason of “bodily injury” or disease arising during the course of employment regardless of whether such payment is required to be made by the employer or any governmental entity.



EMPLOYERS RESPONSIBILITY COVERAGES WITH EXECUTIVE ASSISTANCE®

THIS INSURANCE MAY NOT BE OFFERED IN SATISFACTION OF THE INSURANCE REQUIREMENTS OF ANY "WORKERS COMPENSATION LAW" ANYWHERE.

VOLUNTARY COMPENSATION COVERAGE

"Voluntary compensation" coverage applies when you make a claim for bodily injury by accident, bodily injury by disease, or bodily injury by "endemic disease." The bodily injury must be injury to your "employee" and must arise out of and in the course of employment by you. Bodily injury includes resulting death.

1. Bodily injury by accident must occur during the Policy Period.
2. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The "employee's" last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the Policy Period.
3. Bodily injury by "endemic disease" must be caused by disease which your "employee" may reasonably be thought to have contracted by being in a place as a result of your employment. The "employee" must have been in a place where the disease contracted is known to occur. The time the "employee" was in the place where the disease occurs must have been within the Policy Period. The "employee's" last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the Policy Period.

We will adjust the claim with the "employee" by applying the "workers compensation law" of the "state" you choose when you make the claim. The "state" whose law you choose must be one which is shown in the Declarations. The workplace of the "employee" must be within the "coverage territory."

We Will Pay Benefits

We will pay promptly the benefits which would be required of you by the "workers compensation law" of the "state" you choose when making the claim. The "state" you choose must be one which is shown in the Declarations for the following:

1. North Americans, meaning "employees" who are citizens or legal permanent residents of the United States (including its territories and possessions), and Puerto Rico;
2. Third Country Nationals, meaning "employees" who are not citizens of the country of their workplace and who are not described in 1. above; and
3. Local Nationals, meaning "employees" while traveling outside the country of their workplace and who are citizens of the country of their workplace but who are not described in 1. above.

If "State of Hire" appears after the words "North Americans:" in the Declarations for Voluntary Compensation, then with respect to "employees" for whom you wish to provide the benefits of a "state" of the United States of America (including its territories and possessions), or Puerto Rico, but who were not hired in any of those places, the benefits will be:

1. those of the “state” to which you agreed with the “employee” prior to the accident or the discovery of the disease; or
2. if no “state” was agreed with the “employee” prior to the accident or the discovery of the disease, the benefits of the specific “state” shown in the Declarations for “North Americans” as an alternative to “state of hire”, or
3. if no “state” was agreed with the “employee” prior to the accident or the discovery of the disease, and no specific “state” is shown above for “North Americans”, the benefits of the “state” shown in the address of the insured on the first page of the Declarations for this policy.

Payments You Must Make

You are responsible for any payments in excess of the benefits regularly provided by the “workers compensation law,” including those required because:

1. of your serious and willful misconduct;
2. you knowingly employ an “employee” in violation of law;
3. you fail to comply with a health or safety law or regulation; or
4. you discharge, coerce or otherwise discriminate against any “employee” in violation of the “workers compensation law.”

If we make any payments in excess of the benefits regularly provided by the “workers compensation law” on your behalf, you will reimburse us promptly.

Before We Pay

Before we pay benefits to the persons for whom you have made claims, they must:

1. Release you and us, in writing, of all responsibility for the injury or death, if we so request;
2. Transfer to us their right to recover from others who may be responsible for the injury or death; and
3. Cooperate with us and do everything necessary to enable us to enforce the right to recover from others.

If the persons for whom you have made claims under this coverage fail to do those things, our duty to pay ends at once. If they claim damages from you or from us for the injury or death, our duty to pay ends at once.

Recovery From Others

If we make a recovery from others, we will keep an amount equal to our expenses of recovery and the benefits we paid. We will pay the balance to the persons entitled to it. If the persons who receive the benefits of this insurance make a recovery from others, they must reimburse us for the benefits we paid them.

EXECUTIVE ASSISTANCE® SERVICES

When an “employee” that is covered under this coverage part becomes injured or ill while traveling on your business within the “coverage territory,” Executive Assistance® Services are available. We will provide your “employee”, subject to the Limits of Insurance shown in the Declarations under II. Executive Assistance Services, Medical Assistance Services with the services listed below.

Executive Assistance Services are Medical Assistance, Personal Assistance, Travel Assistance and Security Assistance as described herein.

Executive Assistance is serviced by a third party provider of the Medical Assistance, Personal Assistance, Travel Assistance and Security Assistance services described in this section.

Executive Assistance Services are available to “you,” your “expatriate employees” and “employees” engaged in “temporary travel,” including their accompanying spouse, child(ren) or other companion(s) engaged in “temporary travel”. For Executive Assistance Services, the definition of “employee” is extended to include accompanying spouse, child(ren) or other companion(s). “Employees” may contact the service provider at any hour on any day.

For Executive Assistance Services, Temporary Travel includes personal travel, but only if such personal travel does not exceed a total of fourteen consecutive days, and is incidental to travel on your business, outside of the country of an “employee’s” workplace.

The service provider is staffed with trained multi-lingual personnel, including doctors on round-the-clock call for emergency medical consultation and assistance as described in these Executive Assistance Services. This center handles requests for referrals to English-speaking doctors, and specialists, as well as all aspects of coordinating an emergency medical evacuation.

Information about Executive Assistance Services, as well as access to the online Security Assistance services listed above, will be available through a **password protected website address: www.ExecutiveAssistance.com**. The **Login Name and Password for this website is provided to you under separate cover in your policy packet**. Security assistance will be one of several information services available through this website. **There are no restrictions to the number of times an insured may access this website including the Security information services**. Executive Assistance **wallet cards and passport stickers also will be available to insureds online** through this website, as PDF documents that can be downloaded and printed at the convenience of Chubb policy holders.

Medical Assistance Services

We will not pay more for all Medical Assistance Services expense in any one policy year than the amount shown in the Declarations as the policy limit for Medical Assistance Services, regardless of the number of “employees” to whom services were rendered. If we incur expenses for Medical Assistance Services in any one policy year in excess of the policy limit, you agree to reimburse us or our designee for the amount in excess of the policy limit.

All services and payments must be arranged and pre-approved by the service provider. Evacuations/Repatriations must be ordered by a legally licensed physician and approved by the service provider’s designated physician to certify that the severity of the “employees” injury or sickness warrants an emergency evacuation/repatriation. All transportation arrangements must be by the most direct and economical route possible. In the event you are seriously ill or injured and cannot call, you must contact the service provider as soon as you are able.

Hospital Admission Deposit

We will either guarantee the payment of or wire any required emergency hospital admission deposit up to US\$10,000. You or your “employee” will repay any such deposit to us within 45 days (without interest). If you fail to repay to us such deposit in the time allowed or we are required to pay on our guarantee, then such money becomes a service rendered, and we have the additional rights set out under the heading “Transfer of Rights of Recovery against Others to Us.”

Medical Monitoring

The service provider will monitor the “employee’s” condition when hospitalized abroad and will use best efforts to report regularly the “employee’s” condition to a person designated by the “employee.”

Dispatch of a Doctor or Specialist

When the service provider determines, based on information available to them, that an "employee's" condition cannot be adequately assessed to evaluate the need for evacuation, the service provider will dispatch a doctor or specialist to the "employee's" location. We will pay the cost of the doctor's or specialist's travel to the "employee's" location, but we will not pay the cost of any medical services rendered by the doctor or specialist at the location. Medical Expenses are not covered by Executive Assistance and should be submitted to the health carrier, or if work related, submitted to the Workers' Compensation carrier, or similar carrier.

Emergency Medical Evacuation

When the service provider determines adequate medical facilities are not available locally, we will arrange and pay for emergency medical evacuation under medical supervision, if necessary, to the nearest location with adequate facilities. Our obligation is limited to the limits of liability shown in the declarations page.

The service provider will arrange and we will pay the cost for one family member or other traveling companion to continue to accompany the "employee" during evacuation, if it is reasonably possible for that person to accompany the "employee". Our obligation is limited to the cost of the airfare, and an incidental expense maximum of \$300. per day, and \$5,000 Maximum for any one occurrence.

"Employee" and any accompanying family member or other traveling companion may be required to release us or a third party assistance provider from liability during emergency evacuation.

Repatriation

If the service provider determines, based on information available to them, that it is medically necessary to repatriate the "employee" to a facility which is in the country of residence of the "employee" or a location in the country of which the "employee" is a citizen, following stabilization, we will arrange and will pay for repatriation under medical supervision, if necessary.

The service provider will arrange and we will pay the cost of one family member or other traveling companion to continue to accompany the "employee" during repatriation, if it is reasonably possible for that person to accompany the "employee". Our obligation is limited to the cost of the airfare, and an incidental travel expense of a maximum of \$300. per day, and Maximum for any one occurrence of \$5,000.

"Employee" and any accompanying family member or other traveling companion may be required to release us or a third party assistance provider from liability during repatriation.

Our obligation is limited to the provision of one (1) repatriation attributable to any single medical condition of an "employee."

Repatriation of Mortal Remains

In the event of an "employee's" death while traveling, the service provider will render every assistance possible to obtain necessary clearances and arrange for the return of the mortal remains in an appropriate transportation container to a location which is consistent with the known reasonable wishes of the "employee" or of the "employee's" family. We will pay reasonable expenses associated with such return, including the cost of embalming to meet any applicable requirements.

We will also pay the cost of one family member or other traveling companion to continue to accompany the mortal remains of the deceased "employee" during repatriation, if it is reasonably possible for that person to accompany the remains. Our obligation is limited to the cost of the airfare, and an incidental travel expense of a maximum of \$300. per day, and a Maximum for any one occurrence of \$5,000.

Personal Assistance

Pre-Trip Medical Referral Information

The service provider will provide pre-trip referral information to “employees” regarding countries and regions to be visited, including local multi-lingual doctors and/or addresses and phone numbers for hospitals.

Emergency Medication

Should an “employee” require prescription medication that is not available locally, the service provider will make arrangements for the transportation of such medication, when possible and legally permissible, to the “employee” upon the request of the prescribing physician. The “employee” is responsible for the cost of medication and the transportation.

Embassy and Consular Information

The service provider will provide “employees” with contact information for embassies and consulates worldwide.

Lost Document Assistance

The service provider will assist with obtaining replacements if an “employee” loses important travel documents while traveling, including passport and credit cards. We will not pay the cost of obtaining such replacements.

Emergency Message Transmission

The service provider will make reasonable efforts to receive and transmit emergency messages for an “employee” to one family member and/or employer.

Emergency Cash Advance

We will, whenever possible, provide “employees” with a cash advance of up to \$1000 in local currency for emergencies. You or your “employee” will repay any such emergency cash advance to us within 45 days (without interest). If you or your “employee” fail to repay to us such advance, then such money becomes a service rendered, and we have the additional rights set out under the heading “Transfer of Rights of Recovery against Others to Us.”

Legal Access

The service provider will provide “employees” with an introduction to local attorneys. Assistance will also be provided in obtaining bail bonds in those areas where such bonds are customarily issued. “Employee” is responsible for contracted legal fees.

Translations & Interpreters

The service provider will provide personal emergency translation services, as well as referrals to interpreter services. When personal presence or other customized interpreter services are required, the “employee” will be responsible to pay locally the cost of such interpreter services.

Benefits Verification and Claims Assistance

The service provider will assist “employees” in verifying their medical insurance benefits when hospitalized overseas and we will assist in coordinating overseas claims procedures with their health insurance and any applicable workers compensation insurance and as you direct.

Travel Assistance

Emergency Family Travel Arrangements

The service provider will coordinate emergency travel arrangements for family members who need to join a hospitalized “employee”, or to accompany the mortal remains of a deceased “employee”. The costs of travel services are the responsibility of the traveler(s).

Return of Traveling Companion/Dependents

When the service provider hospitalizes or evacuates an “employee” and a traveling companion's air ticket is no longer usable, The service provider will arrange, but not pay the cost of, one way air transportation for the companion to the original departure point, or to their place of residence.

At the request of the “employee”, the service provider will arrange, but not pay the cost of qualified attendants to accompany the return of traveling companions/dependents.

Return of Vehicle

In the event of an “employee's” hospitalization or medical evacuation, the service provider will arrange, but not pay the cost, to have the “employee's” unattended vehicle returned to the rental agency or the “employee's” current principal residence.

Concierge Services

As a benefit to the “employee(s)” the service provider will offer a suite of services that assist in making arrangements or purchases that are useful to “employee(s)” traveling outside of their country of residence.

All costs associated with the purchase and or provision of the “concierge services” will be the sole responsibility of the “employee(s)”.

Where available “Concierge Services” will include:

- A. Destination profiles: The service provider shall provide information on every country in the world and over 200 cities worldwide, including information on local entertainment, suggested itineraries, and health advisories.
- B. Epicurian needs: The service provider shall arrange the delivery of specialized foods and beverages to the “employee's” home or office, including gourmet food and fine wine.
- C. Event ticketing: The service provider shall arrange for tickets to sporting events, theater or concert event worldwide as long as the tickets are available for purchase.
- D. Floral Services: The service provider shall arrange for the purchase and shipment flowers and gift baskets to friends, family members, and business associates.
- E. Tee time reservations: The service provider shall provide referrals to golf courses and tee times at golf courses around the world.
- F. Hotel accommodations: The service provider shall offer recommendations on hotels worldwide and book reservations if requested by the “employee(s)”.
- G. Meet-and-greet services: The service provider shall arrange the pick-up of friends, family members or business associates at airports or other common carrier destinations by limousine personnel.
- H. Personalized retail shopping assistance: The service provider shall arrange for the purchase selected retail items at the “employee(s)” request and expense.

- I. Pre-trip assistance: The service provider shall provide information on travel destinations, city profiles, special events, ATM locations, currency exchange rates, immunization and passport requirements, and related services.
- J. Procurement of hard-to-find items: The service provider shall use its best efforts to arrange for an obscure or exotic item at the "employee(s)" request.
- K. Restaurant referrals and reservations: The service provider shall provide the "employee(s)" with information on restaurants worldwide and will book reservations if requested.
- L. Rental car reservations: The service provider shall arrange for worldwide reservations through most major rental car agencies.
- M. Commercial airline reservations: The service provider shall arrange for air travel accommodations to destinations worldwide on behalf of the "employee(s)".

SECURITY ASSISTANCE

Travel Security Information

We will provide the policy holder with access to the online Security Assistance services through www.ExecutiveAssistance.com. Policy holder "employees" can select Information at a region, country or city level to access detailed Travel Security Information reports regarding threats posed in a particular city or country by criminal or terrorist activities or political and civil unrest and other factors affecting travel in cities throughout the world. These reports will include an overall security rating across 6 key categories, security alerts, the latest Security, Health and Exit/Entry information, key local contact numbers and a map.

Emergency Political Repatriation and Relocation

We will reimburse you or your "employee" for the "Insured Losses" arising from an "Insured Event" for "Emergency Political Repatriation" or "Emergency Relocation" incurred by you or your "employee".

The most we will reimburse is \$2,500 Per "Employee" per "Insured Event" for "Emergency Political Repatriation" and \$2,500 Per "Employee" per "Insured Event" for "Emergency Relocation," subject to a policy limit of \$10,000. regardless of the number of "Insured Events".

This extension is subject to the following additional definitions:

"Insured Event" shall mean the "Emergency Political Repatriation" or "Emergency Relocation" of an "Employee" which takes place within the "Coverage Territory".

"Policy Limit" shall mean the most we will pay under this policy.

"Emergency Political Repatriation" shall be repatriation arising from:

- a. Officials of the "Resident Country" issuing for reasons other than medical, a recommendation that categories of persons, which include "employees", should leave the country in which the "employee" is a temporary resident; or
- b. An "employee" being expelled or declared persona non grata on the written authority of the recognized government of the country in which the "employee" is a temporary resident; or
- c. The complete seizure, confiscation or expropriation of property, plant or equipment of the Insured by the authority of the recognized government of the country in which the "employee" is a temporary resident.

“Emergency Relocation” shall be the return of an “employee” who has been subject of an “Emergency Political Repatriation” to the country from which the “employee” was expatriated.

“Repatriation”, for this coverage, shall be the return of an “employee” to the “employee’s” “resident country.”

“Resident Country” shall be the country where the “employee” is a national.

“Insured Losses” shall mean:

- a. Transportation costs incurred by you or your “employee” for “Emergency Political Repatriation” to the “employee’s” “resident country” or to the nearest place of safety outside the country where the “insured event” takes place;
- b. Reasonable accommodation costs incurred by you or your “employee,” while the subject of Emergency Political Repatriation, for a maximum period of seven days;
- c. Economy class transportation costs incurred by you or your “employee” on any licensed common carrier from a published timetable for “Emergency Political Relocation” of the “employee”; and
- d. The Fees and expenses of the contracted security provider.

“Insured Losses” shall not include, however:

- a. Costs, fees or expenses incurred by you or your “employee” for “Emergency Political Repatriation” or “Emergency Political Relocation” as a result of a violation by you or your “employee” of the laws or regulations of the country in which the “Insured Event” takes place;
- b. Costs, fees or expenses incurred by you or your “employee” for “Emergency Political Repatriation” or “Emergency Political Relocation” as a result of the failure of you or your “employee” to properly procure or maintain any immigration, work, residence or similar visas, permits or other documentation in the country in which the “insured event” takes place;
- c. Costs, fees or expenses incurred by you or your “employee” for “emergency political repatriation” or “emergency political relocation” from a debt, insolvency, commercial failure, repossession of property by a titleholder, mortgagee, lien holder or other financial clause;
- d. Costs, fees or expenses incurred by you or your “employee” for “emergency political repatriation” or “emergency political relocation” for the failure to honor any contractual obligation or bond or obey any condition of a license;
- e. Costs, fees or expenses incurred for “emergency political repatriation” or “emergency political relocation” by nationals of the country in which the “insured event” takes place; or
- f. Costs, fees or expenses for “emergency political repatriation” or “emergency political relocation” caused by or arising out of natural disasters including, but not limited to:
 - i. Earthquake, flood, fire, volcanic eruption or windstorm,
 - ii. Ionizing radiation or contamination by radioactivity from any irradiated nuclear fuel or from any nuclear waste from the combustion of nuclear fuel, or
 - iii. The Radioactive, toxic, explosive or other hazardous properties of any nuclear assembly or nuclear components thereof.

Coverage Territory for “Emergency Political Repatriation” or “Emergency Relocation”

Anywhere in the World, but Excluding:

1. the United States of America (including its territories and possessions) and Puerto Rico
2. any country or jurisdiction which is the subject of trade or economic sanctions imposed by the laws or regulations of the United States of America:

Exclusions

We will not be responsible for the cost of services arising from:

Service provided outside the policy period; if, before the end of the policy period, we have begun to assist an “employee” with any of the services described under the heading “Medical Assistance Services,” we will continue to provide those services for up to seven days from the end of the policy period;

Services rendered without our authorization and/or intervention; but we will pay the cost, if any, which we estimate we would have incurred to provide evacuation and/or repatriation to any “employee” who obtained such services without our authorization and/or intervention.

Services provided for which no charge is normally made;

Expenses incurred if the original or ancillary purpose of the “employee’s” trip is to obtain medical treatment;

Intentionally self-inflicted injuries, suicide or any attempt thereof, regardless of mental condition;

Service in the Armed Forces of any country;

Use of any drug unless prescribed by a physician;

The commission of or attempt to commit an unlawful act;

Routine or minor medical problems, tests and exams related to pregnancy;

Transportation for an “employee’s” vehicle involving intercontinental and/or marine transportation;

No services shall be available for any “employee” if such services are required as a result of:

1. Mild lesions, simple fractures, or mild sickness, which can be treated by local doctors and do not prevent the “employee” from continuing his/her trip or returning home;
2. Pregnancies except in case of major, vital complication for mother and/or baby; and
3. Services for which request is made after we have paid the policy limit or incurred expenses which exceed the policy limit

Conditions

Errors and Omissions

We are not liable for any act or omission by a local doctor or attorney who is not our employee nor the employee of a third party provider of the assistance services described in this section of the policy.

We cannot be held responsible for failure to provide, or for delay in providing, services when such failure or delay is caused by conditions beyond our control, including but not limited to flight conditions, strike, riot, civil commotion, war or uprising, or where rendering of service is prohibited by local laws or regulations.

Transfer of Rights of Recovery against Others to Us

If you or the “employee” to whom we render assistance have any rights to recover all or any part of the cost of services rendered under this coverage part from any other people or organization, including rights to recover under any “workers compensation law,” health plan or insurance policies, we are entitled to an assignment of those rights to the extent of our benefit payments. You and your “employee” shall transfer those rights to us and cooperate with us as may be necessary to enforce such rights. You and your “employee” agree to sign any papers, deliver them to us, and do anything else that we may reasonably require to help us pursue such rights.

Suits Against Us

You agree not to bring suit against us unless you have complied with all the terms of this policy. Any such suit must be brought within two years after assistance services are rendered.

No person or organization has any right to bring us into any action to determine your liability.

Return to Work

You have the responsibility for the decision of whether or not an “employee” returns to work. You are responsible for obtaining any medical releases to determine “employee's” suitability to travel or not, or to resume work or not. The decision and the results thereof are solely the responsibility of the “employee,” you, and/or the “employee's” attending physician. We are not involved in such decisions.

Services Not Covered

You agree to reimburse us or our designee for services rendered on your behalf which are not covered in this policy, when such services are requested or approved by a corporate officer whose name you have given us to contact, or when such services are provided in good faith to any “employee” not covered by reason of cancellation of this policy or coverage.

CONTINGENT EMPLOYERS LIABILITY COVERAGE

We will pay all sums you legally must pay as damages because of bodily injury to your “employees,” provided the bodily injury is covered by this Contingent Employers Liability Coverage

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

1. for which you are liable to a third party by reason of a claim or suit against you by that third party to recover the damages claimed against such third party as a result of injury to your “employee”;
2. for care and loss of services;
3. for consequential bodily injury to a spouse, child, parent, brother or sister of the injured “employee”; provided that these damages are the direct consequence of bodily injury that arises out of and in the course of the injured “employee's” employment by you; and
4. because of bodily injury to your “employee” that arises out of and in the course of employment, claimed against you in a capacity other than as employer.

How This Insurance Applies

This employers liability insurance applies to bodily injury by accident, bodily injury by disease and bodily injury by “endemic disease.” Bodily injury includes resulting death. The bodily injury must arise out of and in the course of the injured “employee's” employment by you. The workplace of the “employee” must be within the “coverage territory.”

1. Bodily injury by accident must occur during the Policy Period.
2. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The “employee's” last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the Policy Period.
3. Bodily injury by “endemic disease” must be caused by disease which your “employee” may reasonably be thought to have contracted by being in a place as a result of your employment. The “employee” must have been in a place where the disease contracted is known to occur. The time the “employee” was in the place where the disease occurs must have been within the Policy Period. The “employee's” last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the Policy Period.

Exclusions

This insurance does not cover:

1. liability assumed under a contract. This exclusion does not apply to a warranty that your work will be done in a workmanlike manner;
2. punitive or exemplary damages because of bodily injury to an “employee” employed in violation of law;
3. bodily injury to an “employee” while employed in violation of law with your actual knowledge or the actual knowledge of any of your executive officers;
4. any obligation imposed by a workers compensation, occupational disease, unemployment compensation, or disability benefits law, or any similar law;
5. bodily injury intentionally caused or aggravated by you;
6. damages arising out of the discharge of, coercion of, or discrimination against any “employee” in violation of law.
7. bodily injury sustained by any:
 - a. master or crew member of any vessel or of the flying crew of any aircraft;
 - b. “employee” in the course of any employment subject to United States Government workers compensation laws, including Jones Act, Longshoremen and Harbor Workers Compensation Act, Defense Base Act, or War Hazards Compensation Act or any amendment or replacement of those Acts.

Limits of Liability

Our liability to pay for damages is limited. Our limits of liability are shown in the Declarations. They apply as explained below.

1. Bodily Injury by Accident. The limit shown for “bodily injury by accident-each accident” is the most we will pay for all damages covered by this insurance because of bodily injury to one or more “employees” in any one accident.

A disease is not bodily injury by accident unless it results directly from bodily injury by accident.

2. Bodily Injury by Disease. The limit shown for “bodily injury by disease including by endemic disease-policy limit” is the most we will pay for all damages covered by this insurance and arising out of bodily injury by disease including by “endemic disease,” regardless of the number of “employees” who sustain bodily injury by disease. The limit shown for “bodily injury by disease including by endemic disease-each

employee” is the most we will pay for all damages because of bodily injury by disease to any one “employee.”

Bodily injury by disease does not include disease that results directly from a bodily injury by accident.

3. We will not pay any claims for damages after we have paid the applicable limit of our liability under this insurance.

EXCLUSION - ALL COVERAGES

War

This insurance does not cover loss arising out of war, whether or not declared, invasions, insurrection, rebellion, hostilities, revolution or usurped power.

CONDITIONS - ALL COVERAGES

Premium Basis

Premiums for each work classification is determined by multiplying a rate times a premium basis. Remuneration is the most common premium basis. This premium basis includes payroll, allowances relating to expatriate employment and all other remuneration paid or payable during the Policy Period for the services of:

1. all your officers and “employees” engaged in work covered by this policy; and
2. all other persons engaged in work that could make us liable under this policy. If you do not have payroll records for these persons, the contract price for their services and materials may be used as the premium basis.

You will allocate reported remuneration or other premium basis between categories for North Americans, Third Country Nationals, and Local Nationals or such other categories as you and we may agree.

Final Premium

The premium shown in the Declarations is an estimate. The final premium for each period of this policy will be determined after the end of such period by using the actual, not the estimated, premium basis and the classifications and rates that apply to the business and work covered by this policy. If the final premium is more than the premium you paid to us, you must pay us the balance. If it is less, we will refund the balance to you.

If this policy is canceled, the final premium will be calculated pro rata based on the time this policy was in force.

Long Term Policy

If the Policy Period is longer than one year and sixteen days, all provisions of this coverage form will apply as though a new policy were issued on each annual anniversary that this policy is in force.

Who is Insured

You are insured if you are an employer shown as a Named Insured in the Declarations. If you are designated in the Declarations as a partnership, and if you are one of its partners, you are insured, but only in your capacity as an employer of the partnership's “employees.”

We Will Defend

We have the right and duty to defend at our expense any claim, proceeding or suit against you for “voluntary compensation” benefits, for repatriation, or for damages for employers liability payable by this insurance. We have the right to investigate and settle these claims, proceedings or suits.

We have no duty to defend a claim, proceeding or suit that is not covered by this insurance. We have no duty to defend or continue defending after we have paid our applicable limit of liability under this insurance.

We Will Also Pay

We will also pay these costs, in addition to other amounts payable under this insurance, as part of any claim, proceeding or suit we defend:

1. reasonable expenses incurred at our request, but not loss of earnings;
2. premiums for bonds to release attachments and for appeal bonds in bond amounts up to the amount payable under this insurance;
3. litigation costs taxed against you;
4. interest on a judgment as required by law until we offer the amount due under this insurance; and
5. expenses we incur.

Your Duties If Injury Occurs

Tell us at once if injury occurs that may be covered by this policy. Your other duties are listed here.

1. Provide for immediate medical and other services required by the “workers compensation law.”
2. Give us or our agent the names and addresses of the injured persons and of witnesses, and other information we may need.
3. Promptly give us all notices, demands and legal papers related to the injury, claim, proceeding or suit.
4. Cooperate with us and assist us, as we may request, in the investigation, settlement or defense of any claim, proceeding or suit.
5. Do nothing after an injury occurs that would interfere with our right to recover from others.
6. Do not voluntarily make payments, assume obligations or incur expenses, except at your own cost.

Other Insurance

For “Voluntary Compensation” Coverage, the insurance under this policy is “primary.”

For Employers Liability Coverage and Executive Assistance Services, this policy is “contingent.”

If there is other insurance or assistance service which is on the same “contingent” or “primary” basis as this insurance, we will not pay more than our share of benefits and costs covered by this insurance and other insurance or self-insurance. Subject to any limits of liability that may apply, all shares will be equal until the loss is paid. If any insurance or self-insurance is exhausted, the shares of all remaining insurance will be equal until the loss is paid.

DEFINITIONS - ALL COVERAGES

Contingent

means insurance, including contracts for assistance services, issued to apply to claims, "suits" or requests for assistance services, brought outside the country in which the insurance was issued. "Contingent" insurance takes the place of "primary" insurance when the "insured" has no "primary" insurance coverage which applies.

"Contingent" insurance will pay only the amount by which its limit exceeds the limits of any "primary" insurance, including "primary" insurance issued on an excess basis, which applies.

When this insurance is "contingent," we have no duty to defend unless

1. the amount of the claim or "suit" exceeds the limits of the "primary" insurance which applies, or
2. no "primary" insurance coverage applies.

Coverage territory

means the Coverage Territory for Employers Responsibility Coverages shown in the Declarations.

Endemic disease

means any disease which is:

1. infectious and generally recognized as a public health hazard;
2. restricted or peculiar to a locality or region; and
3. not disease caused or aggravated by the conditions of your employment.

Employee

means anyone employed by the Named Insured including any voluntary worker. At your option, "employee" may include individuals who are independent contractors with whom you have a written contract in which you agree to provide them the benefits of "voluntary compensation."

Expatriate Employees

means that for "employees" of your workplaces to which this insurance applies and which are not excluded from the applicable "coverage territory" shown in the Declarations, this insurance applies from the moment you hire or assign such an "employee" to a workplace outside the home country or country of residence of that "employee." If you agree with an "employee" whose home country or country of residence is other than that of the intended workplace, to grant benefits as though the "employee" had been hired or assigned while outside the country of intended workplace, this insurance will cover such benefits.

This insurance will cease to apply to such an "employee" when the "employee's" employment or assignment in such workplace ends; however this insurance shall continue to apply during the prompt return of the "employee" to the place from which assignment or employment commenced. If you are found legally liable under the provisions of the "workers compensation law" of any "state" other than that of the workplace for which you hired or to which you assigned such "employee," we will adjust and settle for you all sums which you become obligated to pay by reason of such law.

Primary

means insurance issued to respond prior to other insurance to claims or "suits" brought in the country in which such insurance was issued. "Primary" insurance may include insurance for claims or "suits" arising from

“occurrences” which take place outside the country in which such insurance was issued.

State

means any nation or political sub-division which has a “workers compensation law” and includes the states of the United States of America (including its territories and possessions), the District of Columbia, and Puerto Rico.

State of hire

means the “state” in which you hire or from which you assign an “employee” for work at a workplace within another country or countries shown in the “coverage territory” to which this insurance applies.

Temporary Travel

means that for “employees” of your workplaces located in the United States of America (including its territories and possessions), and Puerto Rico, this insurance only applies to claims or suits arising from temporary travel on your business outside of the country of their workplace.

For “employees” of your workplaces to which this insurance applies and which are not excluded from the applicable “coverage territory” shown in the Declarations, this insurance also applies to claims or suits arising from temporary travel on your business in the United States of America (including its territories and possessions), and Puerto Rico.

If you are found legally liable under the provisions of the “workers compensation law” of the “state” of an “employee's” workplace for a claim or suit arising from temporary travel on your business outside the country of the “employee's” workplace, you may voluntarily submit such claim or suit to us and we will adjust and settle such claims or suits for all sums which you would become obligated to pay by reason of such law.

Voluntary compensation

means the medical, disability and other benefits prescribed by the “workers compensation law” of the “state” you choose when you make a claim. We will not pay the amount of any benefits which are denied an “employee” by reason of:

1. insolvency of another insurance company, “state” fund or self-insurance plan; or
2. your failure to comply with the requirements of any “state” that you maintain workers compensation and employers liability insurance in that “state.”

Workers compensation law

means the workers or workmen's compensation law and occupational disease law of any “state.” It includes any amendments to that law which are in effect during the Policy Period. It does not include the provisions of any law that provide non-occupational disability benefits. For a “state” which has no comparable law, it means whatever are the customary benefits for medical care and loss of wages that would be provided to an injured worker whether provided by the employer or by the “state.”

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**INTERNATIONAL ADVANTAGE®
COMMERCIAL PROPERTY COVERAGE FORM**

INTERNATIONAL ADVANTAGE® COMMERCIAL PROPERTY FORM	5
I. PROVISIONS APPLICABLE TO ALL COVERAGES	5
A. NAMED INSURED	5
B. INSURED LOCATION	6
C. LIMITS OF LIABILITY AND SUB-LIMITS OF LIABILITY	6
D. WAITING PERIODS	9
E. DEDUCTIBLES	9
F. HOW THIS COVERAGE FORM APPLIES	11
G. COMMON POLICY CONDITIONS	12
II. PROPERTY DAMAGE	12
A. PROPERTY AND PERILS INSURED	12
B. PROPERTY EXCLUDED	14
C. ADDITIONAL COVERAGES	16
1. Additional Coverages:	16
2. Accounts Receivable	17
3. Coinsurance Deficiency and Currency Devaluation	17
4. Consequential Reduction in Value	18
5. Course of Construction ("COC")	18
6. Debris Removal	20
7. Decontamination Costs	20
8. Deferred Payments	21
9. Demolition and Increased Cost of Construction	21
10. Earth Movement, Flood, or Named Windstorm	23
11. Errors and Omissions	23
12. Expediting Costs	24
13. Fine Arts	24
14. Fungus, Wet Rot, Dry Rot, and Moss	24
15. Installation at Any Job Site	24
16. Inventory or Appraisals	25
17. Land and Water Pollutant or Contaminant Cleanup, Removal and Disposal	25
18. Landscaping Improvements	25
19. Miscellaneous Personal Property	25
20. Miscellaneous Unnamed Insured Locations	26
21. Money and Securities	26
22. Neighbor's Recourse and Tenants Liability	27
23. Newly Acquired Property	28
24. Off Premises Storage for Property Under Course of Construction	28
25. Outdoor Property	29
26. Professional Fees	29
27. Protection and Preservation of Property	29
28. Service Interruption Property Damage	30
29. Tax Liability	30
30. Temporary Removal of Property	31
31. Transit	31
32. Valuable Papers and Records	32
D. EXCLUSIONS	33

III. TIME ELEMENT	40
A. LOSS INSURED.....	40
B. TIME ELEMENT COVERAGES.....	41
1. Business Income.....	41
2. Extra Expense.....	43
3. Leasehold Interest	44
4. Rental Insurance	44
5. Commissions, Profits and Royalties	44
C. TIME ELEMENT COVERAGE EXTENSIONS.....	45
1. Civil Authority.....	45
2. Delay in Start Up of Property in the Course of Construction	46
3. Contingent Time Element.....	46
4. Extended Period of Liability.....	47
5. Ingress/Egress.....	47
6. Service Interruption Time Element.....	48
D. PERIOD OF LIABILITY.....	49
E. TIME ELEMENT EXCLUSIONS.....	51
F. TIME ELEMENT INTERDEPENDENCY.....	52
IV. BOILER AND MACHINERY COVERAGE.....	52
A. INSURING AGREEMENT.....	52
B. LIMIT OF LIABILITY.....	52
C. DEDUCTIBLES AND WAITING PERIOD.....	52
D. BOILER AND MACHINERY COVERAGE EXTENSIONS.....	53
1. Time Element Coverage.....	53
2. Decontamination Costs.....	54
3. Perishable Goods.....	54
4. Refrigerant Contamination.....	55
5. Utility Interruption – Time Element Coverage.....	55
6. Water Damage Coverage.....	56
E. BOILER AND MACHINERY ADDITIONAL COVERAGE EXTENSIONS.....	56
1. PROPERTY DAMAGE BOILER AND MACHINERY ADDITIONAL COVERAGE EXTENSIONS.....	56
2. TIME ELEMENT BOILER AND MACHINERY ADDITIONAL COVERAGE EXTENSIONS....	57
F. EXCLUSIONS.....	57
G. ADDITIONAL CONDITIONS.....	60
V. FOREIGN LOSS.....	60
VI. LOSS ADJUSTMENT AND SETTLEMENT	63
A. LOSS ADJUSTMENT/PAYABLE.....	63
B. LENDERS LOSS PAYEE AND MORTGAGEE INTERESTS AND OBLIGATIONS.....	63
C. CURRENCY FOR LOSS PAYMENT AND CURRENCY CONVERSION.....	64
D. VALUATION.....	65
VII. LOSS CONDITIONS.....	68
A. ABANDONMENT.....	68
B. APPRAISAL.....	68
C. COINSURANCE – Time Element.....	68
D. COMPANY OPTION.....	70
E. CONTROL OF DAMAGED PROPERTY; BRANDS AND LABELS.....	70
F. FOREIGN LOSS CONDITIONS.....	71

G. PARTIAL PAYMENT OF LOSS SETTLEMENT.....	71
H. REQUIREMENTS IN CASE OF LOSS.....	71
I. SALVAGE, RECOVERY AND COLLECTION FROM OTHERS.....	73
J. SETTLEMENT OF CLAIMS.....	73
K. SUBROGATION.....	73
L. SUIT AGAINST THE COMPANY.....	73
VIII. GENERAL CONDITIONS.....	74
A. ADDITIONAL INSURABLE INTERESTS.....	74
B. CURRENCY.....	75
C. HEADERS AND TITLES; PLURAL AND SINGULAR.....	75
D. INSPECTIONS.....	75
E. NO THIRD PARTY LIABILITY OR BENEFICIARIES.....	75
F. NOTICES AND COMMUNICATIONS.....	75
G. NOT PROOF OF INSURANCE.....	76
H. OTHER INSURANCE.....	76
I. COVERAGE FORM MODIFICATION/CERTIFICATES OF INSURANCE.....	77
J. REDUCTION BY LOSS.....	77
K. REPORTING OF VALUES.....	77
L. SEVERABILITY.....	78
IX. DEFINITIONS.....	78

INTERNATIONAL ADVANTAGE® COMMERCIAL PROPERTY COVERAGE FORM

This International Advantage® Commercial Property Coverage Form ("Coverage Form") is issued by the insurance company shown in item III. of the Declarations. Various provisions in this Coverage Form restrict coverage. Read the entire Coverage Form carefully to determine rights, duties, and what is and is not covered.

Throughout this Coverage Form, the word "Insured" refers to the Named Insured(s) shown in section I. **PROVISIONS APPLICABLE TO ALL COVERAGES, A. NAMED INSURED** and any other Entity insured under this Coverage Form. The word "Company" refers to the insurer providing this insurance, shown in item III. of the Declarations. The words "Coverage" and "Coverages" refer to all coverage provisions, additional coverages, and coverage extensions. The words "Coverage Part" mean this Coverage Part, together with all materials included with any submission, the Declarations, and all endorsements and schedules. Other words and phrases that are 1) capitalized, but not shown in bold font, have special meanings, as shown in section **IX. DEFINITIONS**, or as set forth or described elsewhere in this Coverage Form; or 2) capitalized and shown in bold font or completely capitalized refer to headers and titles, which have the meanings described in the Coverage Form.

In consideration of the payment of the premium, in reliance upon the information and materials submitted to the Company in connection with the Coverage Form, and subject to the Declarations and the terms and conditions of this Coverage Form, the Insured and the Company agree as follows:

I. PROVISIONS APPLICABLE TO ALL COVERAGES

A. NAMED INSURED

1. The term "Named Insured" means the First Named Insured and any Entity (including joint ventures, partnerships, and limited liability companies that are identified to the Company, in writing, by the First Named Insured before or during the Policy Period) incorporated or organized under the laws of any jurisdiction:
 - a. in which the First Named Insured owns, during the Policy Period, an interest of more than 50 percent;
 - b. which the First Named Insured Controls during the Policy Period; or
 - c. for which the First Named Insured has the responsibility of placing insurance, such as the insurance provided by this Coverage Form, during the Policy Period;as their interests may appear.
2. Notwithstanding any provision to the contrary in this Coverage Form, if other valid and collectible insurance is available to any Entity covered by this Coverage Form solely because of the ownership, Control, or responsibility to purchase insurance by the First Named Insured, this insurance will be excess with regard to such other insurance whether contingent, Primary, excess or any other basis.
3. With regard to sub-paragraphs **1.b.** and **c.** above, no Entity is covered under this Coverage Form unless the Company has received identifying information for such Entity during the application or submission process, except if such Entity is covered under the provisions of **C. ADDITIONAL COVERAGES, 20. Miscellaneous Unnamed Insured Locations** or **23. Newly Acquired Property**, or if such Entity is added by endorsement.
4. Notwithstanding the foregoing, no Entity is insured:

- a. if trade or economic sanctions or other laws or regulations prohibit the Company from providing insurance, including, but not limited to, the payment of claims, for, on behalf of, or to such Entity; or
 - b. if such Entity is located, domiciled or resident in a country or jurisdiction where the Company is not permitted to provide the coverage set out herein; or
 - c. for its interest in property that is located in a country or jurisdiction where the Company is not permitted to provide the coverage set out herein with respect to such property.
5. No Foreign Entity is an Insured under this Coverage Form; and no Foreign Entity Loss is insured under this Coverage Form, except as set forth in section **V. FOREIGN LOSS**.

B. INSURED LOCATION

- 1. This Coverage Form applies only to Insured Locations within the Coverage Territory.
- 2. An Insured Location is a location:
 - a. listed on the Schedule of Insured Locations;
 - b. covered under **C. ADDITIONAL COVERAGES, 20. Miscellaneous Unnamed Insured Locations**, if shown in item VI.B. SUB-LIMITS OF LIABILITY of the Declarations with a sub-limit of insurance; or
 - c. covered under **C. ADDITIONAL COVERAGES, 23. Newly Acquired Property**.

C. LIMITS OF LIABILITY AND SUB-LIMITS OF LIABILITY

1. Limit of Liability

Subject to sub-paragraphs **2.** through **5.** below, the most that the Company will pay for all covered loss and damage in any one Occurrence is the Per Occurrence LIMIT OF LIABILITY shown in Item VI.A. of the Declarations, regardless of the number of Insureds, Insured Locations, Breakdowns or Coverages.

2. Sub-limits of Liability

- a. The SUB-LIMITS OF LIABILITY shown in Item VI.B. of the Declarations apply as shown, and are referred to individually as a "Sub-limit of Liability". All Sub-limits of Liability are included within, and are not in addition to, the Per Occurrence LIMIT OF LIABILITY shown in Item VI.A. of the Declarations (hereinafter, the "Occurrence Limit"). Sub-limits of Liability do not increase the Occurrence Limit, or any other Sub-Limit of Liability.
- b. If a Sub-limit of Liability applies on a "Per Occurrence" basis, then that sub-limit is the most that the Company will pay for all covered loss and damage for the type of Coverage or peril to which the sub-limit applies in any one Occurrence, regardless of the number of Coverages, Breakdowns, Insureds or Insured Locations. This means that the Company will not pay more than the Per Occurrence Sub-limit of Liability shown in Item VI.B. of the Declarations for all Coverages, Breakdowns, Insureds and Insured Locations, combined, in any one Occurrence.
- c. If a Sub-limit of Liability applies on a "Term Aggregate" basis, then that sub-limit is the most that the Company will pay for all covered loss and damage during the Policy Period for the type of Coverage or peril to which the sub-limit applies, regardless of the number of Occurrences, Breakdowns, Coverages, Insureds, or Insured Locations. This means that the Company will not pay more than the Term Aggregate shown in Item VI.B. of the Declarations for all Occurrences, Breakdowns, Coverages, Insureds and Insured Locations, combined.

Sub-limits of Liability that apply on a "Term Aggregate" basis apply to all covered loss and damage under **PROPERTY DAMAGE, TIME ELEMENT, BOILER AND MACHINERY, and FOREIGN LOSS**, combined.

- d. If a Sub-limit of Liability applies on a "Per Breakdown" basis, then that sub-limit is the most that the Company will pay for all covered loss and damage arising from a single Breakdown for the type of Coverage to which the sub-limit applies, regardless of the number of Insured Locations, Covered Equipment, or Insureds.
- e. If a Sub-limit of Liability for an Insured Location or for specified Covered Property is shown in Item VI.B. of the Declarations, then that sub-limit will be the most that the Company will pay, on the basis shown in Item VI.B. of the Declarations, for all covered loss and damage arising from direct physical loss or damage at such Insured Location or to such specified Covered Property.
- f. With respect to any Sub-limit of Liability that is also shown in Item VI.B. of the Declarations as subject to a specific TIME LIMIT:
 - (1) The amount shown is the most that the Company will pay for all covered loss and damage in any one Occurrence or Breakdown (as applicable), regardless of the number of Insured Locations or Insureds; and
 - (2) The TIME LIMIT shown is the longest continuous time period for which the Company will provide the applicable coverage, regardless of the number of Insured Locations or Insureds.
- g. The Sub-limit of Liability for Miscellaneous Unnamed Insured Locations in item VI.B. SUB-LIMITS OF LIABILITY of the Declarations will apply to any Insured Location shown without values on the Schedule of Insured Locations.
- h. The maximum Sub-limit of Liability amount payable under this Coverage Form will be the Sub-limit of Liability applicable to all covered loss and damage resulting from the peril insured against by this Coverage Form that causes the loss and damage, regardless of any other Sub-limit of Liability.

3. Time Limits

The TIME LIMITS shown in Item VI.C. of the Declarations apply in addition to other limitations on time periods that are shown and described elsewhere in this Coverage Form. All TIME LIMITS are continuous periods of time.

4. Aggregate Limits of Liability

- a. Notwithstanding any terms or conditions of this Coverage Form which might be construed otherwise, and subject to sub-paragraphs **b.** and **c.** below, the maximum payable for all loss and damage in any one Occurrence under:
 - (1) this Coverage Form and
 - (2) any Local Admitted Policies issued outside of the United States of America (including the District of Columbia) to the Named Insured or its subsidiary, affiliate or associate, and
 - (3) any direct or indirect replacement of the coverage forms or policies shown in (1) or (2) above,

combined, will be the Occurrence Limit. (Such Local Admitted Policies and replacement coverage forms and policies hereinafter are referred to individually as "Other Policy" and collectively as "Other Policies").

Subject to sub-paragraphs **b.** and **c.** below, the Occurrence Limit is the most that will be paid under this Coverage Form and the Other Policies, combined, for all loss and damage in any one Occurrence, regardless of the number of insured persons or entities, Insured Locations, Breakdowns, or Coverages involved, and regardless of any occurrence, claim, breakdown, or accident limit, or any other limit of insurance or limit of liability, in this Coverage Form or any Other Policy.

- b.** Notwithstanding any terms or conditions of this Coverage Form which might be construed otherwise, and subject to sub-paragraph **c.** below, with regard to covered loss caused by a peril, or to a type of Covered Property, or under a Coverage, or in or affecting a geographic area or location, for which a specific Limit or Sub-limit of Insurance is applicable Per Occurrence, the maximum payable for all such loss and damage in any one Occurrence under:

(1) this Coverage Form and

(2) any Other Policies

will be the corresponding LIMIT OF LIABILITY or SUB-LIMIT OF LIABILITY shown in item VI.B. of the Declarations.

Such LIMIT OF LIABILITY or SUB-LIMITS OF LIABILITY are the most that will be paid under this Coverage Form and the Other Policy, combined, in any one Occurrence with regard to the corresponding peril, type of Covered Property, Coverage, or geographic area or location, regardless of the number of Insured Locations or coverages involved, and regardless of any aggregate, per occurrence, per claim, per breakdown, or per accident limit, or any other limit of insurance or limit of liability, in this Coverage Form or any Other Policy.

- c.** Notwithstanding any terms or conditions of this Coverage Form which might be construed otherwise, with regard to covered loss caused by the perils of Flood, Earth Movement, or any other peril, or under a Coverage, for which a Term Aggregate Limit or Sub-limit of Liability is shown in item VI. LIMIT OF LIABILITY AND SUB-LIMITS OF LIABILITY of the Declarations, the maximum Term Aggregate liability, combined, under:

(1) this Coverage Form and

(2) any Other Policies

will be the Term Aggregate Limit of Liability or Sub-limit of Liability corresponding to such peril or Coverage and shown in item VI. of the Declarations, or corresponding Sub-limit of Liability (if there is a Sub-limit of Liability applicable to a particular geographic area, Insured Location or cause of loss within such a Term Aggregate Limit of Liability or Sub-limit of Liability) shown in item VI. of the Declarations.

Such Term Aggregate Limits or Sub-limits of Liability are the most that will be paid under this Coverage Form and the Other Policies, combined, in the Policy Period with regard to covered loss caused by Flood, Earth Movement, or other such peril, or under such Coverage, regardless of the number of Occurrences, Insured Locations, or coverages involved, and regardless of any aggregate, per occurrence, per claim, per breakdown, or per accident limit, or any other limit or sub-limit of insurance or liability, in this Coverage Form or any Other Policy.

- d. Nothing in this section will serve to increase any Per Occurrence, Per Breakdown, Term Aggregate, or aggregate Limit or Sub-limit of Liability of this Coverage Form.
- e. The Company and any insurer issuing a Local Admitted Policy has the right or may be required to make payments in excess of the Aggregate Limits of Liability described above. However, the First Named Insured will reimburse the Company within thirty (30) days of the Company's request for reimbursement of any such payment made after such Aggregate Limit of Liability is exhausted.

5. Identity of Interest

If the Named Insured is comprised of more than one legal entity, the Company's liability will not exceed the amount of loss payable had all interests comprised a single legal entity.

D. WAITING PERIODS

The Waiting Periods shown in Item VI.D. of the Declarations are the amounts of time that must elapse from the start of the covered physical loss of or damage to Covered Property before the specified coverage will attach. However, such coverage is then subject to any applicable Deductible, Limit of Liability, Sub-limit of Liability, and Time Limit. No coverage is provided for any Waiting Period.

E. DEDUCTIBLES

1. Policy Deductible(s)

- a. The Per Occurrence or Breakdown Deductible shown in item VII. DEDUCTIBLES, A. Per Occurrence or Breakdown, of the Declarations applies to all covered physical loss and damage in any one Occurrence or Breakdown, regardless of the number of Insureds, Insured Locations, or Coverages, except as follows:

(1) BOILER AND MACHINERY COVERAGE

The Deductibles described in section **IV. BOILER AND MACHINERY COVERAGE, C. DEDUCTIBLES AND WAITING PERIOD** will apply.

(2) Earth Movement

- (A)** The following Deductibles apply to covered Earth Movement losses and apply regardless of any other applicable Deductible(s):

- i. With regard to covered physical loss of or damage to Covered Property, the greater of the percentage or the amount shown in item VII. DEDUCTIBLES, B. Earth Movement, of the Declarations; except that
- ii. With regard to covered physical loss of or damage to Covered Property wholly or partially located in Foreign Seismic Zones, the greater of the percentage or the amount shown in item VII. DEDUCTIBLES, B. Earth Movement, 1.a.

- (B)** If a Minimum Deductible is shown in item VII. DEDUCTIBLES, B. Earth Movement, 2. Minimum Deductible of the Declarations, then the Deductibles shown in **(2)(A)** above are subject to such Minimum Deductible.

(3) Flood

- (A)** The following Deductibles apply to covered Flood losses and apply regardless of any other applicable Deductible(s):

- i. With regard to covered physical loss of or damage to Covered Property, the greater of the percentage or the amount shown in item VII. DEDUCTIBLES, C. Flood, of the Declarations; except that
- ii. With regard to covered physical loss of or damage to Covered Property wholly or partially located in a Special Hazard Flood Area, the greater of the percentage or the amount shown in item VII. DEDUCTIBLES, C. Flood, 1. Special Hazard Flood Area.
- iii. In Special Hazard Flood Areas, regardless of whether the Insured maintains insurance through the National Flood Insurance Program or any foreign equivalent thereof (collectively, "NFIP Policy") during the Policy Period, the Company will deem that such insurance is in place if the Insured Location or Covered Property is located in an area that participates in the National Flood Insurance Program or any foreign equivalent thereof. If the amount of loss that is or would have been payable under such NFIP Policy exceeds the applicable **Flood** Deductible under this sub-paragraph (3), then no Deductible will apply hereunder. However, if the amount that is or would have been paid under such NFIP Policy is less than the applicable **Flood** Deductible under this sub-paragraph (3), then the amount to be deducted hereunder will be equal to the difference between the applicable **Flood** Deductible under this sub-paragraph (3) and the amount that is or would have been paid under such NFIP Policy. Insurance maintained by the Insured through the National Flood Insurance Program or its foreign equivalent during the Policy Period will be considered other insurance.

(B) If a Minimum Deductible is shown in item VII. DEDUCTIBLES, C. Flood, 2. Minimum Deductible of the Declarations, then the Deductibles shown in (3)(A) above are subject to such Minimum Deductible.

(4) Named Windstorm

(A) The following Deductibles apply to covered Named Windstorm losses and apply regardless of any other applicable Deductible(s):

- i. With regard to covered physical loss of or damage to Covered Property, the greater of the percentage or the amount shown in item VII. DEDUCTIBLES, D. Named Windstorm, of the Declarations; except that
- ii. With regard to covered physical loss of or damage to Covered Property wholly or partially located in Foreign Tier 1 Locations, the greater of the percentage or the amount shown in item VII. DEDUCTIBLES, D. Named Windstorm, 1. Foreign Tier 1 Locations.

(B) If a Minimum Deductible is shown in item VII. DEDUCTIBLES, D. Named Windstorm, 2. Minimum Deductible of the Declarations, then the Deductibles shown in (4)(A) above are subject to such Minimum Deductible.

2. Application of Policy Deductibles

- a. In each case of loss covered by this Coverage Form, the Company will be liable only if the Insured sustains a loss in a single Occurrence or Breakdown greater than the applicable Policy Deductible specified above, and only for the Company's share of that greater amount.

- b. When a Policy Deductible applies, the amount of the Policy Deductible will be subtracted from the amount of the loss, and the Limit of Liability or Sub-limit of Liability will be applied to the remaining amount.
- c. The amount of each Policy Deductible will be the amount described in sub-paragraph **1.E.1.** above or, if a percentage is applicable, the Policy Deductible will be such percentage of:
 - (1) for loss covered under section **II. PROPERTY DAMAGE**, the total actual replacement cost values at risk at the location where the loss occurred, at the time of the loss, as calculated by the Company, and
 - (2) for loss covered under section **III. TIME ELEMENT**, the total actual Time Element values for the location where such loss occurred for the twelve (12) months immediately preceding the covered physical loss of or damage to property that caused such Time Element loss;

except:

- (3) When this Coverage Form covers more than one Insured Location, the applicable Policy Deductible will apply against the total covered loss in any one Occurrence or Breakdown, regardless of the number of Insured Locations.
- (4) If two or more Policy Deductibles provided in this Coverage Form apply to a single Occurrence or Breakdown, the total to be deducted from the amount of covered loss will not exceed the largest Policy Deductible applicable, unless otherwise provided. If the Policy Deductible is shown as a percentage, the "largest Policy Deductible" is not necessarily the Deductible applicable to the Insured Location with the highest Total Insured Value. Policy Deductibles that are shown as percentages, when applicable, will be based on the total actual replacement cost values at the time of the loss for each Insured Location for which loss or damage is being claimed, as calculated by the Company, and will not be limited to the Insured Location with the highest Total Insured Value.
- (5) All Policy Deductibles apply to each Occurrence or Breakdown, regardless of the number of Insured Locations.

F. HOW THIS COVERAGE FORM APPLIES

- 1. a. This Coverage Form is designated as the Master Policy for all Insured Locations.
- b. As respects such Insured Locations, subject to the provisions of section **V. FOREIGN LOSS**, this Coverage Form covers:
 - (1) the difference in definitions, perils, conditions or coverages between the Local Admitted Policy that provides Primary insurance for property in the jurisdiction in which the Insured Location is located and this Coverage Form, unless excluded or otherwise limited in this Coverage Form; and
 - (2) the difference between the limit(s) of liability or sub-limit(s) of liability, or limit(s) of insurance or sub-limit(s) of insurance, stated in the Local Admitted Policy that provides Primary insurance for property in the jurisdiction in which the Insured Location is located and the applicable Limit of Liability or Sub-limit of Liability of this Coverage Form, provided that:
 - (A) the coverage is provided under this Coverage Form;

- (B) the limit(s) of liability, sub-limit(s) of liability, limit(s) of insurance or sub-limit(s) of insurance has been exhausted under such Local Admitted Policy, and
- (C) the deductible(s) applicable to such claim for loss or damage in such Local Admitted Policy has been applied.

This sub-paragraph **1.b.(2)** applies regardless of whether amounts covered under such Local Admitted Policy are collectible or not.

- c. Any coverage provided by a Local Admitted Policy that is not provided in this Coverage Form does not extend to this Coverage Form.
 - d. The Limit of Liability and Sub-Limits of this Coverage Form include the limit(s) of liability and sub-limit(s) of liability, or limit(s) of insurance and sub-limit(s) of insurance, of all Local Admitted Policies, and are not in addition thereto.
 - e. If loss is payable under this Coverage Form because of the exhaustion of an aggregate limit of a Local Admitted Policy by prior payments, then the deductibles described in sub-paragraph **E. DEDUCTIBLES** above will apply to such loss.
2. If, at the inception of the Policy Period, there is no Local Admitted Policy in effect in the jurisdiction in which an Insured Location is located, then this Coverage Form provides Primary insurance with respect to such Insured Location, subject to the provisions of section **V. FOREIGN LOSS**.

G. COMMON POLICY CONDITIONS

The **COMMON POLICY CONDITIONS** apply to this Coverage Form. However, if there is a conflict between the **COMMON POLICY CONDITIONS** and a provision(s) of this Coverage Form, the provision(s) of this Coverage Form will apply.

II. PROPERTY DAMAGE

A. PROPERTY AND PERILS INSURED

1. The Company will pay for direct physical loss or damage occurring during the Policy Period to the property described in sub-paragraph **A.4.** below at an Insured Location (hereinafter, "Covered Property") within the Coverage Territory, directly caused by or resulting from any Covered Cause of Loss and not otherwise excluded herein; provided that, prior to the beginning of the Policy Period, no Insured knew or reasonably should have known that such loss or damage had occurred, in whole or part. If any Insured knew or reasonably should have known that such loss or damage occurred in whole or in part at the time the Policy Period begins, then any continuation, change or resumption of such loss or damage during or after the Policy Period will be deemed to have been known prior to the Policy Period, and will not be covered under this Coverage Form.
2. If covered loss or damage begins during the Policy Period and continues after the end of the Policy Period, the ending of the Policy Period will not cut short coverage under this Coverage Form for such loss or damage.
3. The Company will only pay for covered loss or damage to the extent of the interest of the Insured in the Covered Property.
4. Covered Property, except as otherwise excluded herein, means the following:
 - a. Real Property, but not including buildings or structures in the course of construction, at an Insured Location, in which the Insured has an insurable interest, including:

- (1) A building, and the contents thereof, that has been Vacant for a period of no more than sixty (60) consecutive days prior to the occurrence of loss or damage at such building; except that this Coverage Form does not cover Vacant property if the loss or damage was directly or indirectly caused by any of the following, even if they are Covered Causes of Loss:

(A) Vandalism and Malicious Mischief;

(B) sprinkler leakage, unless the Insured has protected the system against freezing;

(C) building glass breakage;

(D) theft; or

(E) attempted theft.

With respect to Covered Causes of Loss other than those listed in (1)(A) through (E) above, the Company will reduce the amount it would otherwise pay for the loss or damage by 15%.

For purposes of this sub-paragraph (1) the term "Building" and the term "Vacant" mean the following:

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

ii. When the Insured is the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

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

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

Buildings under construction or renovation are not considered Vacant.

b. Alterations, renovations, extensions, or repairs to an existing building or structure in the course of construction at an Insured Location, but only if the gross value of the contract for such alterations, modifications, or repairs does not exceed 50% of the Total Insured Value of such building.

c. Personal Property that is owned by:

(1) the Insured, including the Insured's interest as a tenant in improvements and betterments to buildings or structures. In the event of direct physical loss or damage, the Company agrees to accept and consider the Insured as sole and unconditional owner of such improvements and betterments, notwithstanding any contract or lease provision to the contrary.

(2) officers or employees of the Insured.

(3) others that is in the Insured's custody, to the extent of the Insured's legal liability under a written contract or agreement assumed prior to loss or damage, for physical loss or damage of the type insured against under this Coverage Form, provided that no other

insurance is available to the Insured, including, but not limited to, any warehouseman's legal liability insurance.

(A) The Company will defend that portion of any suit against the Insured alleging liability for such loss or damage and seeking damages on account thereof, even if such suit is groundless, false or fraudulent. The Company may, without prejudice, investigate, negotiate and settle any claim or suit at its discretion.

(B) The Company has no duty to defend the Insured against a suit seeking damages for direct physical loss or damage to which this insurance does not apply.

(C) The amount the Company will pay for damages and defense costs and expenses is limited to the Sub-Limit of Liability for Legal Liability shown in item VI.B. SUB-LIMITS OF LIABILITY of the Declarations. The Company's right and duty to defend end when such Sub-limit of Liability has been used up in the payment of judgments, settlements and/or defense costs and expenses.

d. The interest of contractors and subcontractors in Covered Property during the course of construction at an Insured Location or within 1,000 feet thereof, to the extent of the Insured's legal liability, imposed by law or assumed under a written contract or agreement prior to loss or damage, for insured physical loss or damage to such property. Such interest of contractors and subcontractors is limited to the property for which they have been hired to perform work and such interest will not extend to any **TIME ELEMENT** coverage provided under this Coverage Form.

B. PROPERTY EXCLUDED

Covered Property does not include:

1. accounts, bills, currency, food stamps or other evidence of debt, money, notes, securities, furs, jewelry, pearls, precious or semi-precious metals, stones or alloys. Lottery tickets held for sale are not securities and are blank Stock;
2. land, water, or any other substance in or on land; except this exclusion does not apply to water that is contained within any enclosed tank, piping system or any other processing equipment;
3. animals, except for research and then only if specifically disclosed to the Company in the application or submission for this Coverage Form; standing timber; man-made beaches; growing crops; lawns; and outdoor trees, shrubs and plants (except to the extent that coverage is provided in the **Landscaping Improvements** Additional Coverage);
4. watercraft (including, but not limited to, hulls and waterborne vessels of every type, nature, and description) or aircraft and their contents, except watercraft or aircraft in the process of being manufactured or maintained by the Insured at or on an Insured Location, and only when unfueled. Any coverage provided by the foregoing exceptions terminates immediately upon fueling of such watercraft or aircraft for any purpose in any amount;
5. vehicles or trailers licensed or which can be licensed for highway use, and railroad rolling stock, except contents of such vehicles, trailers, or railroad rolling stock while on an Insured Location consigned to or to be shipped by the Insured and while not under the control of a public or common carrier;
6. underground tanks, mines, mine shafts, caverns, and subterranean strata, and their contents; any property within such tank, mine, shaft, cavern, or strata; and any mining property located beneath the surface of the ground;

7. dams of any kind, dikes, levees, bulkheads, pilings, wharves, piers, marine docks, retaining walls, breakwaters, riprap (including pilings and breasting dolphins), and concrete barriers;
8. property in transit, except as otherwise provided by this Coverage Form;
9. property sold by the Insured under conditional sale, trust agreement, installment plan or other deferred payment plan after delivery to customers;
10. Electronic Data, Electronic Media, programs and software, except when they are Stock in process, finished goods manufactured by the Insured, raw materials, supplies or other merchandise not manufactured by the Insured, or as otherwise provided in this Coverage Form;
11. drilling or producing platforms, artificial or man-made islands or formations, rigs, derricks, and equipment, and property contained thereon;
12. property located offshore or beyond the shoreline. "Offshore or beyond the shoreline" means the sea coasts of any land formation, including the United States of America, that are continually submerged, and includes the relatively flat, irregularly shaped zone that extends outward from the breaker zone to the edge of the continental shelf with a usual water depth of at least 33 feet. Regardless of geographic location, "offshore or beyond the shoreline" includes any artificial or man-made formation located in an area that would otherwise be continuously submerged;
13. satellites or spacecraft at any time, on the launch pad, or after time of launch, except satellites or spacecraft in the process of being manufactured or maintained by the Insured at or on an Insured Location, and only when unfueled. Any coverage provided by the foregoing exceptions terminates immediately upon fueling of such satellite or spacecraft for any purpose in any amount. For purposes of this provision, "satellites or spacecraft" means any man-made object, including, but not limited to, any rocket, satellite or spaceship, that is or is intended to be deployed, thrust or placed into outer space, and any vehicle or equipment that is used or intended to be used in the processes and procedures used to deploy, thrust or place such objects into outer space;
14. transmission or distribution lines, including support structures, of every type and description, except when owned by the Insured, on the Insured Location, and described in the Schedule of Insured Locations;
15. underground or underwater wells, pipes, piping, fittings, conduits, flues, drains, and sewers, and their contents;
16. earthen, concrete, and all other types of storage pits or reservoirs, and their contents;
17. bridges, roadways, streets, walks or other paved surfaces, walkways, fences;
18. air-supported, inflated, or inflatable structures (including any support system) and the contents therein;
19. export shipments after loading on board an overseas vessel or watercraft or after ocean marine insurance attaches, whichever comes first; and import shipments prior to discharge from the overseas vessel or watercraft or until the ocean marine insurance terminates, whichever occurs last;
20. telecommunications, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, signs (other than signs attached to buildings);
21. all property specifically insured elsewhere, including, but not limited to, property that is covered under another coverage part or form of this Coverage Form, except for the excess of the amount due (whether the Insured can collect on it or not) from that other insurance;

- 22. property in the course of construction away from Insured Locations;
- 23. any refractory lining or catalyst, except for damage or destruction directly resulting from the perils of fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicle, smoke, Flood, or Earth Movement;
- 24. personal property in the open, when loss or damage is caused by exposure to wind, rain, sleet, snow, sand, hail or dust;
- 25. foundations of buildings, structures, machinery or boilers if their foundations are below the lowest pit or basement floor; or the surface of the ground, if there is no pit or basement;
- 26. professional fees, except to the extent covered in the **Professional Fees** Additional Coverage;
- 27. Real Property, including the contents thereof, where loss or damage has occurred and that has been Vacant for a period of more than sixty (60) consecutive days prior to the occurrence of such loss or damage;
- 28. costs of grading, excavation, backfilling, or filling;
- 29. machinery, tools, and equipment used in the normal course of construction within the construction plant, unless the value of the same is reported to the Company in writing prior to the loss. The term "construction plant" means the footprint of the construction project;
- 30. machinery, equipment or other property, when such property is subject to a contractor's, manufacturer's, or supplier's express or implied guarantee, obligation, or warranty, whether or not such contractor, manufacturer, or supplier is an Insured, insured, or eligible to receive proceeds or benefits under this Coverage Form, but only to the extent of such guaranty, obligation, or warranty. This provision does not apply to **TIME ELEMENT** coverage;
- 31. any device or equipment that generates electricity (including, but not limited to, any device or equipment that generates electricity and steam in any sequence, also known as "co-generation"), unless specifically identified and shown in the Schedule of Insured Locations;
- 32. an Insured's interest in property of which the Insured is a joint owner with other parties, unless shown in the Schedule of Insured Locations as jointly-owned property;
- 33. property while located underwater, except when in transit through tunnels; or
- 34. buildings or structures in the course of construction, except as provided in sub-paragraph **A.4.b.** above.

C. ADDITIONAL COVERAGES

1. Additional Coverages

This Coverage Form includes the Additional Coverages described in sub-paragraphs **2.** through **32.**, inclusive, below for physical loss or damage unless excluded by this Coverage Form.

Additional Coverages:

- a. are subject to the applicable LIMIT OF LIABILITY and SUB-LIMITS OF LIABILITY shown in Item VI. of the DECLARATIONS;
- b. will not increase the Occurrence Limit; and

- c. are subject to all provisions of this Coverage Form, including applicable exclusions and Deductibles;

all as shown in this section and elsewhere in this Coverage Form.

2. Accounts Receivable

- a. This Coverage Form covers any shortage in the collection of accounts receivable, directly resulting from insured physical loss or damage to accounts receivable records, including accounts receivable records stored as Electronic Data, while anywhere within the Coverage Territory, including while in transit. The Company will be liable for the interest charges on any loan to offset impaired collections pending repayment of such sum uncollectible as the result of such loss or damage. Unearned interest and service charges on deferred payment accounts and normal credit losses on bad debts will be deducted in determining the recovery.
- b. In the event of loss to accounts receivable records, the Insured will use all reasonable efforts, including legal action, if necessary, to effect collection of outstanding accounts receivable.
- c. The Insured will use any suitable property or service owned or controlled by the Insured or obtainable from other sources to reduce the loss under this Additional Coverage.
- d. This Coverage Form covers any other necessary and reasonable costs incurred to reduce loss under this Additional Coverage, to the extent the losses are reduced.
- e. If it is possible to reconstruct accounts receivable records so that no shortage is sustained, the Company will be liable only for the reasonable and necessary cost incurred for material and time required to re-establish or reconstruct such records, and not for any costs covered by any other insurance.
- f. The following exclusions apply to this **Accounts Receivable** Additional Coverage, in addition to subsection **D. EXCLUSIONS** of this section **II. PROPERTY DAMAGE**.

This Additional Coverage does not insure against shortage resulting from:

(1) book-keeping, accounting or billing errors or omissions; or

(2) (A) alteration, falsification, or manipulation; or

(B) concealment, destruction or disposal of accounts receivable records committed to conceal the wrongful giving, taking, obtaining or withholding of money, securities or other property, but only to the extent of such wrongful giving, taking, obtaining or withholding.

3. Coinsurance Deficiency and Currency Devaluation

This Coverage Form covers the deficiency in the amount of loss payable under the Insured's Local Admitted Policies, if any, solely as the result of:

- a. the application of a coinsurance clause or its equivalent; or
- b. official government devaluation of the currency in which the Local Admitted Policy is written,

for direct physical loss or damage of the type insured under such Local Admitted Policies to property of the type insured under this Coverage Form and not otherwise excluded by this Coverage Form.

The Insured will adjust such Local Admitted Policy values as a result of such devaluation within 30 days after the date of the currency's devaluation. There is no coverage under the terms of this Additional Coverage if the Insured fails to adjust such Local Admitted Policy values within such 30 day period.

There is no coverage under the terms of this Additional Coverage if the Insured is unable to recover any loss under such Local Admitted Policy, if such inability is the result of intentional under-insurance by the Insured.

4. Consequential Reduction in Value

This Coverage Form covers the reduction in value of Covered Property that is a part of pairs, sets, or components, directly resulting from physical loss or damage insured by this Coverage Form to other insured parts of pairs, sets or components of such merchandise. If settlement is based on a constructive total loss (as determined by the Company), the Insured will surrender the undamaged parts of such property to the Company.

5. Course of Construction ("COC")

a. This Coverage Form covers:

- (1) existing buildings or structures while in the course of alteration, extension or renovation at Insured Locations listed in the Schedule of Insured Locations;
- (2) materials or supplies intended to become a permanent part of the buildings or structures in (1) above; and
- (3) machinery and equipment intended to become a permanent part of the buildings or structures in (1) above while in the course of erection, installation or assembly, including testing and commissioning of such machinery and equipment; however, any such machinery or equipment with a fair market value greater than \$1,000,000 must be identified to the Company prior to the date of loss;

all in which the Insured has an insurable interest at the time of loss, provided the property described in (1), (2), or (3) above:

(A) is not excluded under subsection **B. PROPERTY EXCLUDED**; and

(B) is not located outside the Coverage Territory; and

(C) the gross value of the contract for a.(1), (2), or (3) above is less than or equal to 50% of the Total Insured Value of the building or structure that is in the course of construction.

b. This Additional Coverage does not apply to:

(1) with respect to sub-paragraph a.(1) above:

(A) the portion of the buildings or structures, including any Covered Property therein, that already existed prior to such alteration, extension or renovation;

(2) with respect to paragraph a.(3) above:

(A) the Covered Property that already existed prior to such erection, installation or assembly;

- (3) any property:
 - (A) while in transit;
 - (B) while waterborne; or
 - (C) in the course of assembly, and which is intended to become finished goods for sale;
 - (4) Miscellaneous Unnamed Insured Locations; or
 - (5) any **Newly Acquired Property**.
- c. This Additional Coverage also covers Soft Costs and the interests of contractors and subcontractors in the property described in a. above during construction, alteration, extension, renovation, erection, installation or assembly within the Coverage Territory to the extent of the Insured's legal liability, assumed under a written contract or agreement executed prior to the date of the loss or damage, for physical loss or damage not otherwise excluded by this Coverage Form to such property, provided that:
- (1) This Additional Coverage does not apply to any increase in Soft Costs caused by or resulting from:
 - (A) Delay caused by strikers, or anyone else at an Insured Location, interfering with efforts to repair damage or resume business;
 - (B) Breach of contract, late or non-completion of orders, or for any penalties of any nature;
 - (C) The suspension, lapse, or cancellation of any lease, license, contract or order;
 - (D) Unavailability of funds for repair or reconstruction;
 - (E) Loss caused by unavailability of subcontractors;
 - (F) The enforcement of any ordinance or law that:
 - i. Regulates the construction, use, or repair, or requires the tearing down, of any property; or
 - ii. Requires any Insured or others to test for, monitor, clean-up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of Pollutants or Contaminants, unless endorsed to this Coverage Form.
 - (2) Coverage for such interests of contractors and subcontractors:
 - (A) for buildings and structures, is limited to property which they have been hired to construct, alter, extend or renovate; or
 - (B) for machinery and equipment, is limited to property which they have been hired to erect, install or assemble, and test or commission; and
 - (C) do not extend to any **TIME ELEMENT COVERAGES** or **TIME ELEMENT COVERAGE EXTENSIONS** provided elsewhere in this Coverage Form.
- d. Property covered under this Additional Coverage is considered an Insured Location solely for the purpose of applying the Policy Deductible.

- e. Any **TIME ELEMENT** loss that results from physical loss or damage covered under this Additional Coverage is included within, and is not in addition to, the Sub-Limit of Liability for Time Element, Delay In Start Up Of Property in Course of Construction shown in item VI.B. SUB-LIMITS OF LIABILITY of the Declarations.
- f. Notwithstanding any Sub-limit of Liability for Course of Construction ("COC") shown in item VI.B. SUB-LIMITS OF LIABILITY of the Declarations, the Company will not pay more under this Additional Coverage than the lesser of:
 - (1) the Sub-limit of Liability for Course of Construction ("COC") shown in item VI.B. SUB-LIMITS OF LIABILITY of the Declarations; or
 - (2) the gross value of the contract for sub-paragraph 5.a.(1), (2), or (3) above.

6. Debris Removal

- a. In the event of direct physical loss or damage insured against under this Coverage Form and occurring during the Policy Period, the Company will pay:
 - (1) necessary and reasonable costs to remove debris of the Covered Property from an Insured Location; and
 - (2) cost of cleanup at the Insured Location made necessary as a result of such direct physical loss or damage.

The Company will not pay expense or cost to extract Pollutants or Contaminants from land or water or to remove, restore or replace contaminated or polluted land or water unless covered elsewhere in this Coverage Form.
- b. This Additional Coverage only applies if:
 - (1) the Insured gives written notice to the Company of intent to claim for cost of removal of debris or cost to cleanup within 180 days after the date of such physical loss or damage, and
 - (2) the Company pays or agrees to pay for direct physical loss or damage to such Covered Property.
- c. This Additional Coverage does not cover the costs of removal of contaminated uninsured property or any Pollutants or Contaminants from, in or on uninsured property, whether or not the contamination results from insured physical loss or damage. "Contaminated" and "contamination" include, but are not limited to, the presence of pollution or hazardous material.
- d. This Additional Coverage does not apply to loss, damage, costs, or expenses insured under the **Decontamination Costs, Demolition and Increased Cost of Construction, Fungus, Wet Rot, Dry Rot, and Moss, or Land and Water Pollutant or Contaminant Cleanup, Removal and Disposal** Additional Coverages provided by this Coverage Form.

7. Decontamination Costs

- a. If Covered Property is contaminated as a direct result of physical damage insured by this Coverage Form and there is in force at the time of the loss any law or ordinance regulating contamination, including but not limited to the presence of Pollutants or Contaminants, then this Coverage Form covers, as a direct result of enforcement of such law or ordinance, the increased cost of decontamination and/or removal of such contaminated Covered Property in

a manner to satisfy such law or ordinance. This Additional Coverage applies only to that part of Covered Property so contaminated as a direct result of insured physical damage.

b. This Additional Coverage only applies if:

(1) the Insured gives written notice to the Company of intent to claim for the increased cost of decontamination or removal of contaminated Covered Property within 180 days after the date of such physical loss or damage, and

(2) the Company pays or agrees to pay for direct physical loss or damage to such Covered Property.

c. This Additional Coverage does not cover the costs of removal of contaminated uninsured property or any Pollutants or Contaminants from, in or on uninsured property, whether or not the contamination results from insured physical loss or damage. "Contaminated" and "contamination" include, but are not limited to, the presence of pollution or hazardous material.

d. This Additional Coverage for **Decontamination Costs** does not apply to loss, damage, costs, or expenses insured under the **Debris Removal, Demolition and Increased Cost of Construction, Fungus, Wet Rot, Dry Rot, and Moss, Land and Water Pollutant or Contaminant Cleanup, Removal and Disposal, Newly Acquired Property, Errors and Omissions, or Miscellaneous Unnamed Insured Locations** Additional Coverages provided by this Coverage Form.

8. Deferred Payments

a. This Coverage Form covers the Insured's interest in lost or damaged Personal Property sold by the Insured under a conditional sale or trust agreement or under any installment or deferred payment plan after delivery to buyers,

b. If there is a total loss of such Personal Property, then the amount of the loss shall be the amount shown on your books as due from the buyer.

c. If there is a partial loss of such Personal Property and the buyer refuses to continue payment, forcing the Insured to repossess the property, the amount of the loss shall be as follows:

(1) if the realized value of the repossessed property is greater than or equal to the amount shown on your books as due from the buyer, we will make no payment; or

(2) if the realized value of the repossessed property is less than the amount shown on your books as due from the buyer, we will pay the difference.

When a partial loss occurs and the buyer continues to pay you, there will be no loss payment.

9. Demolition and Increased Cost of Construction

a. This Coverage Form covers the reasonable and necessary costs, described in subparagraph b. below, incurred to satisfy the minimum requirements of the enforcement of any law or ordinance regulating the demolition, construction, repair, replacement or use of buildings or structures at an Insured Location, provided that:

(1) such law or ordinance is in force on the date of insured physical loss or damage; and

(2) such law or ordinance's enforcement is a direct result of such insured physical loss or damage; and

(3) such property is repaired or replaced within two years from date of loss.

This Additional Coverage does not cover loss due to any law or ordinance with which the Insured was required to comply had the loss not occurred.

- b. With respect to the Covered Property insured in sub-paragraph a. above, this Additional Coverage covers:
- (1) the reasonable and necessary cost to repair or rebuild the physically damaged portion of such property with materials and in a manner to satisfy such law or ordinance; and
 - (2) the reasonable and necessary cost:
 - (A) to demolish the physically undamaged portion of such Covered Property,
 - and
 - (B) to rebuild it with materials and in a manner to satisfy such law or ordinance, not including the cost of land, on the same site or another site,to the extent that such costs result when the demolition of the physically damaged Covered Property is required to satisfy such law or ordinance.
- c. This Additional Coverage excludes any costs incurred as a direct or indirect result of enforcement of any laws or ordinances regulating any form of contamination, including, but not limited to, the presence of pollution or hazardous material.
- d. This Additional Coverage does not apply to:
- (1) removal of asbestos, asbestos-containing products, or asbestos-containing material unless the asbestos itself is damaged by fire, lightning, aircraft impact, explosion, riot, civil commotion, smoke, vehicle impact, windstorm or hail, vandalism, malicious mischief, leakage or accidental discharge from automatic fire protective services;
 - (2) demolition or increased cost of repair or replacement, debris removal or loss of use caused by the enforcement of any law or ordinance regulating asbestos, asbestos-containing products, or asbestos-containing material; or
 - (3) any governmental direction or request declaring that any asbestos, asbestos-containing product, or asbestos-containing material present in or part of or utilized on any undamaged portion of Covered Property can no longer be used for the purpose for which it was intended or installed and must be removed or modified.
- e. This Additional Coverage does not apply to loss, damage, costs, or expenses insured under the **Debris Removal, Decontamination Costs, Demolition and Increased Cost of Construction, Land and Water Pollutant or Contaminant Cleanup, Removal and Disposal, or Fungus, Wet Rot, Dry Rot, and Moss** Additional Coverages provided by this Coverage Form.
- f. The Company's maximum liability for this Additional Coverage at each Insured Location in any Occurrence will not exceed the actual cost incurred in demolishing the physically undamaged portion of the Covered Property in sub-paragraph a. above plus the lesser of:
- (1) the reasonable and necessary actual cost incurred, excluding the cost of land, in rebuilding on another site; or
 - (2) the reasonable and necessary cost of rebuilding on the same site.

10. Earth Movement, Flood, or Named Windstorm

- a.** This Coverage Form covers physical loss or damage insured by this Coverage Form caused by or resulting from Earth Movement, Flood, or Named Windstorm. However, physical damage by fire, explosion or sprinkler leakage resulting from Earth Movement is not considered to be loss by Earth Movement within the terms and conditions of this Coverage Form; and physical damage by fire, explosion, or sprinkler leakage resulting from Flood is not considered to be loss by Flood within the terms and conditions of this Coverage Form. "Named Windstorm" does not include Named Windstorm Flood.
- b.** If a Sub-limit of Liability for Foreign Seismic Zones is shown as an exception under Item VI.B. SUB-LIMITS OF LIABILITY, Earth Movement, then such Sub-limit of Liability applies to Covered Property located in the corresponding geographic areas instead of the Sub-limit of Liability shown for Earth Movement.
- c.** If a Sub-limit of Liability for Special Hazard Flood Area is shown in item VI.B. SUB-LIMITS OF LIABILITY of the Declarations as an exception under the Sub-limit of Liability applicable to Flood, then such Sub-limit of Liability for Special Hazard Flood Area is the most that the Company will pay under this Additional Coverage for physical loss or damage caused by or resulting from Flood in such Special Hazard Flood Area. Loss at an Insured Location wholly or partly located in a Special Hazard Flood Area will be subject to the Deductible and Sub-Limit of Liability applicable to Special Hazard Flood Area.
- d.** Subject to sub-paragraphs **b.** and **c.** above and the applicable Policy Deductible(s), the Sub-limit of Liability for Earth Movement, Flood and Named Windstorm is the most that the Company will pay for all covered loss and damage caused by or resulting from Earth Movement, Flood, and Named Windstorm, combined.

11. Errors and Omissions

If physical loss or damage is not payable under this Coverage Form solely due to an error or unintentional omission:

- a.** in the description of where Covered Property is physically located; or
- b.** to include any Insured Location:
 - (1)** owned, leased or rented by the Insured on the effective date of this Coverage Form; or
 - (2)** that would otherwise result in cancellation of coverage for the Covered Property under this Coverage Form;

this Coverage Form covers such 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 must be reported by the Insured to the Company in writing within 5 business days of discovery of such error or omission.

This Additional Coverage does not cover any property insured under any other provision of this Coverage Form or under any other policy issued to the Insured that is insured, coinsured or reinsured in whole or part by the Company or any of its affiliated companies, regardless of the exhaustion of any limit or sub-limit of liability or insurance.

12. Expediting Costs

This Coverage Form covers the reasonable and necessary costs incurred to pay for the temporary repair of insured damage to Covered Property and to expedite the permanent repair or replacement of such damaged property, including overtime and the extra cost of express or other rapid means of transportation.

This Additional Coverage does not cover costs recoverable elsewhere in this Coverage Form or of permanent repair or replacement of damaged property.

13. Fine Arts

- a. This Coverage Form covers insured physical loss or damage to Fine Arts articles while anywhere within the Coverage Territory, including while in transit.
- b. This Coverage Form excludes loss or damage if the Fine Arts cannot be replaced with other of like kind and quality, unless it has been specifically declared to the Company in writing prior to such loss or damage.
- c. The exclusions in subsection **D. EXCLUSIONS** of this section **II. PROPERTY DAMAGE** do not apply to **Fine Arts** Additional Coverage except for the following sub-paragraphs: **D.1.a., D.1.b., D.1.f., D.1.g., D.1.o., D.2.a., D.2.b.- i., D.2.j.(1)(A), D.2.k., and D.2.l.** In addition, as respects **Fine Arts** Additional Coverage, the following exclusions apply:

This Coverage Form does not insure against:

- (1) deterioration, wear and tear or inherent vice.
- (2) loss or damage from any repairing, restoration or retouching process.

14. Fungus, Wet Rot, Dry Rot, and Moss

- a. This Coverage Form covers direct physical loss or damage to Covered Property caused by Fungus, wet rot, dry rot, or moss, including:
 - (1) the cost of removal of the Fungus, wet rot, dry rot, or moss;
 - (2) the cost to tear out and replace any part of the building or other property as needed to gain access to the Fungus, wet rot, dry rot, or moss; and
 - (3) the cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided that there is a reason to believe that Fungus, wet rot, dry rot, or moss are present.
- b. The Sub-limit of Liability for Fungus, Wet Rot, Dry Rot, And Moss shown in item VI.B. SUB-LIMITS OF LIABILITY of the Declarations is the most that the Company will pay under this Coverage and under this Coverage Form for direct physical loss or damage to Covered Property caused by Fungus, wet rot, dry rot, or moss.

15. Installation at Any Job Site

- a. This Coverage Form covers direct physical loss or damage to the Insured's Personal Property or Personal Property of others in your care, custody or control while at a job site or while temporarily warehoused elsewhere:
 - (1) awaiting and during installation;

- (2) awaiting and during tests; or
- (3) awaiting acceptance by the buyer.
- b. This Additional Coverage does not apply to any loss or damage to Personal Property not a part of or intended to become part of the installation, and the Company will not pay for any loss or damage to tools or contractors' equipment.
- c. This coverage ends when:
 - (1) the Insured's interest in the Personal Property ceases;
 - (2) the buyer accepts the Personal Property; or
 - (3) this Policy is terminated.

16. Inventory or Appraisals

This Coverage Form covers the cost of any inventory or appraisal that is required when loss or damage occurs to Covered Property.

17. Land and Water Pollutant or Contaminant Cleanup, Removal and Disposal

- a. This Coverage Form covers the reasonable and necessary cost for the cleanup, removal and disposal of Pollutants or Contaminants from uninsured property, consisting of land, water or any other substance in or on land, at the Insured Location if the release, discharge or dispersal of Pollutants or Contaminants is a direct result of insured physical loss or damage to Covered Property.
- b. This Coverage Form does not cover the cost to cleanup, remove and dispose of Pollutants or Contaminants from property described in sub-paragraph **a.** above:
 - (1) at any location insured for Personal Property only;
 - (2) that is insured under the **Decontamination Costs, Demolition and Increased Cost of Construction, Fungus, Wet Rot, Dry Rot, and Moss, Newly Acquired Property, Errors and Omissions, or Miscellaneous Unnamed Insured Locations** Additional Coverages provided by this Coverage Form; or
 - (3) if the Insured fails to give written notice of loss under this Additional Coverage to the Company within 180 days after the date of the inception of the insured physical loss or damage.

18. Landscaping Improvements

- a. This Coverage Form covers insured physical loss to lawns or outdoor trees, shrubs and plants, provided that they are valued and identified in the Schedule of Insured Locations.
- b. This Additional Coverage does not apply to man-made beaches.

19. Miscellaneous Personal Property

- a. This Coverage Form covers insured physical loss to Personal Property of the type insured that is:
 - (1) owned by the Insured;

(2) property of others in the custody of the Insured, to the extent the Insured is under obligation, pursuant to a written contract or agreement executed prior to the applicable date of loss, to keep insured for physical loss or damage, not otherwise excluded from this Coverage Form;

(3) salesperson's samples; or

(4) property of others that is on exhibition;

at any Insured Location.

b. This Additional Coverage does not apply to property insured under any other Coverage in this Coverage Form.

c. The following exclusion applies to this Additional Coverage, in addition to subsection D. **EXCLUSIONS** of this section **II. PROPERTY DAMAGE**:

This Coverage Form excludes loss or damage directly or indirectly caused by or resulting from the following regardless of any other cause or event, whether or not insured under this Coverage Form, contributing concurrently or in any other sequence to the loss:

(1) Earth Movement for property located in whole or part in any Foreign Seismic Zone.

20. Miscellaneous Unnamed Insured Locations

a. This Coverage Form covers Covered Property at any location within the Coverage Territory that is either:

(1) not listed on the latest Schedule of Insured Locations submitted to and accepted by the Company; or

(2) listed on the latest Schedule of Insured Locations submitted to and accepted by the Company but for which the Insured has not submitted values for its interest.

b. No coverage is provided under this Additional Coverage for any property:

(1) while in transit;

(2) while waterborne;

(3) covered under the **Course of Construction ("COC")** Additional Coverage;

(4) covered under the **Errors and Omissions** Additional Coverage; or

(5) covered elsewhere in this Coverage Form or any other coverage form or part or policy issued by the Company to the Insured.

We will pay the lesser of the value of the loss or the Miscellaneous Unnamed Insured Locations Sub-limit of Liability shown in item VI.B. SUB-LIMITS OF LIABILITY on the Declarations.

21. Money and Securities

a. This Coverage Form covers loss of Money and Securities when lost or damaged as a result of covered physical loss at a Covered Location., bank or in another recognized place of safe deposit. However, with respect to Money or Securities of others that the Insured holds in any

capacity, or for which you are responsible, this coverage only applies to the Insured's interest in the Money and Securities, including the Insured's legal liability to others.

- b. This Coverage Form covers loss of Money and Securities when lost or damaged as a result of covered physical loss while in the possession of an armored vehicle company; but not while in the mail or in the custody of a carrier for hire other than an armored vehicle company.
- c. This Coverage Form covers loss of Money and Securities when lost or damaged as a result of a covered physical loss while in the possession of partners, officers, or directors of your business, or of Employees who are legally holding such property, regardless of where any of these individuals may be within the Coverage Territory at the time of the loss.
- d. The amount the Company will pay for any loss of Securities is the cash value of the Securities at the end of the last business day before the loss was discovered or the actual cost of replacing the Securities, whichever is less. However, the Company will not pay for any loss of income, including interest or dividends, that occurs as a result of a loss that is covered.
- e. If there is a loss to Securities of others that the Insured holds as a pledge or collateral for a loan, the most the Company will pay for the loss is the recorded value of the Securities at the time the Insured made the loan, if the Insured made such a record; or the amount of the loan that remains unpaid at the time of the loss, together with accrued interest on that amount at legal interest rates.
- f. Losses that result from a series of related acts committed by one or more persons or organizations are considered to be a single Occurrence of loss for purposes of applying these limits. The Company may settle any claim for loss to property of others with the owner of such property.
- g. With respect to Money and Securities in the custody of an armored vehicle company, the most the Company will pay for any loss is the portion of the loss that exceeds the total of:
 - (1) any amount the Insured recovers from the armored vehicle company under a contract between the Insured and such armored vehicle company; and
 - (2) any amount the Insured recovers from insurance carried by the armored vehicle company or by any other person or organization for the benefit of users of the armored vehicle company's services.
- h. For the purposes of this Additional Coverage, the following definitions apply:
 - (1) Money means currency, coins, bank notes, bullion, traveler's checks, registered checks and money orders held for sale.
 - (2) Securities means negotiable and nonnegotiable instruments or contracts that represent property or obligations to pay Money, tokens, tickets and stamps, including revenue stamps. However, stamps are covered only for their face value. Money is not considered to be Securities.

22. Neighbor's Recourse and Tenant's Liability

- a. This Additional Coverage applies only to the extent that liability is incurred in a jurisdiction in which a Napoleonic or similar civil code applies to loss or damage by a peril as defined by such code and as insured hereunder.
- b. This Additional Coverage covers the Insured's liability under such code:

- (1) as a tenant or occupant, to the owner for direct physical damage of the type insured to Real or Personal Property of the owner of the premises.
- (2) to neighbors, co-tenants and other third parties for direct physical damage of the type insured spreading from the Insured Location to the Real or Personal Property of neighbors, co-tenants and other third parties;
- (3) as landlord, for direct physical damage of the type insured to the Personal Property of tenants as a result of construction defects or lack of maintenance; or
- (4) as tenant or occupant, for total or partial loss of use by the owner of the premises resulting from direct physical damage of the type insured.

23. Newly Acquired Property

- a. This Coverage Form covers Covered Property at any location in the Coverage Territory that is purchased, leased, or rented by the Insured after the inception date of this Coverage Form. This coverage applies for up to the number of days shown in item VI. LIMIT OF LIABILITY AND SUB-LIMITS OF LIABILITY, C. TIME LIMITS, Newly Acquired Property of the Declarations from the date of purchase, lease, or rental.
- b. This Additional Coverage does not apply to property insured in whole or in part by any other insurance policy or coverage form.
- c. This Additional Coverage will apply until whichever of the following occurs first:
 - (1) coverage for the location is bound by the Company on terms and conditions acceptable to the Company;
 - (2) agreement is reached that the location will not be insured under this Coverage Form; or
 - (3) the Time Limit shown in Item VI. LIMIT OF LIABILITY AND SUB-LIMITS OF LIABILITY, C. TIME LIMITS, Newly Acquired Property of the Declarations has been reached. The Time Limit begins on the date of purchase, lease, or rental.
- d. This Additional Coverage does not apply to loss or damage to Covered Property caused by the peril of Flood at any location wholly or partly in a Special Hazard Flood Zone, Earth Movement at any location wholly or partly in a Foreign Seismic Zone, or Named Windstorm at any location wholly or partly in a Foreign Tier 1 Location.

24. Off Premises Storage for Property Under Course of Construction

- a. This Coverage Form covers insured physical loss or damage to property of the type insured that is under contract to be used in a construction project for the alteration, extension, renovation or repair of an existing building or structure at an Insured Location, provided that the gross value of the contract for such alteration, extension, renovation or repair does not exceed 50% of the Total Insured Value of such building or structure. Coverage attaches at the time such property is delivered to the Insured or its contractor (with respect to the property under construction) by the manufacturer or supplier and such property is located at a storage site within the Coverage Territory but away from the Insured Location.
- b. This coverage includes necessary expendable materials and supplies to be utilized in the construction project but does not include any property owned or rented by the contractor.
- c. This Additional Coverage does not apply to property insured under any other coverage in this Coverage Form.

- d. The following exclusion applies to this Additional Coverage, in addition to subsection D. **EXCLUSIONS** of this section **II. PROPERTY DAMAGE**:

This Coverage Form excludes loss or damage directly or indirectly caused by or resulting from the following regardless of any other cause or event, whether or not insured under this Coverage Form, contributing concurrently or in any other sequence to the loss:

- (1) Earth Movement for property located in whole or part in a Foreign Seismic Zone, a Tier 1 Foreign Location, or a Special Hazard Flood Area.

25. Outdoor Property

- a. This Coverage Form provides coverage for loss or damage to Outdoor Property, including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss: fire, lightning, explosion, Riot, Strike or Civil Commotion.
- b. Outdoor Property includes outdoor fences, radio and television antennas, signs (other than signs attached to Buildings), trees, shrubs, plants and lawns.

26. Professional Fees

- a. This Coverage Form covers the actual costs incurred by the Insured of reasonable and necessary fees payable to the Insured's accountants, architects, auditors, engineers, or other professionals, and the reasonable and necessary cost of using the Insured's employees, for producing and certifying any particulars or details contained in the Insured's books or documents, or such other proofs, information or evidence required by the Company resulting from insured loss payable under this Coverage Form for which the Company has accepted liability.
- b. This Additional Coverage will not include the fees and costs of attorneys, public adjusters, and loss appraisers, all including any of their subsidiary, related or associated entities either partially or wholly owned by them or retained by them for the purpose of assisting them, or the fees and costs of loss consultants who provide consultation on coverage or negotiate claims.

27. Protection and Preservation of Property

- a. This Coverage Form covers:
- (1) reasonable and necessary costs incurred for actions to temporarily protect or preserve Covered Property; provided such actions are reasonable and necessary due to actual, or to prevent immediately impending, insured physical loss or damage to such Covered Property.
- (2) reasonable and necessary:
- (A) fire department fire fighting charges imposed as a result of responding to a fire in, on or exposing the Covered Property.
- (B) costs incurred of restoring and recharging fire protection systems following an insured loss.
- (C) costs incurred for the water used for fighting a fire in, on or exposing the Covered Property.

- b. This Additional Coverage does not cover costs incurred for actions to temporarily protect or preserve Covered Property from actual, or to prevent immediately impending, physical loss or damage caused by an Act of Terrorism.
- c. This Additional Coverage is subject to the provisions of section **I. PROVISIONS APPLICABLE TO ALL COVERAGES, E. DEDUCTIBLES** that would have applied had the physical loss or damage occurred.

28. Service Interruption Property Damage

- a. This Coverage Form covers insured physical loss or damage to Covered Property at an Insured Location or covered as **Miscellaneous Personal Property** when such physical loss or damage results from:
 - (1) the interruption of direct incoming, usable electric, gas, fuel, steam, water, refrigeration, or telecommunications service, or
 - (2) the lack of outgoing sewerage service,

caused by any physical loss or damage of the type covered hereunder to a facility of the direct supplier of such service and such facility is located within 1,000 feet of the affected Insured Location, that immediately prevents the delivery of such usable service in whole or part.
- b. The exclusions in subsection **D. EXCLUSIONS** of this section **II. PROPERTY DAMAGE** do not apply to this Additional Coverage except for sub-paragraphs:
 - (1) **D.1.a., D.1.b., D.1.c., D.1.f., D.2.a., D.2.b.- i., D.4.a.,** and
 - (2) **D.2.k.,** but only with respect to incoming or outgoing voice, data, or video services.
- c. The following exclusion applies to this Additional Coverage in addition to those in sub-paragraph **b.** above:

This Coverage Form excludes loss, damage, cost or expense directly or indirectly caused by or resulting from the following regardless of any other cause or event, whether or not insured under this Coverage Form, contributing concurrently or in any other sequence to the loss:

 - (1) Earth Movement for property located in whole or part in any Foreign Seismic Zone; or
 - (2) an Act of Terrorism.
- d. As soon as reasonably practicable, the Insured must notify the suppliers of services of any interruption of services described in sub-paragraph **a.** above.
- e. The Company will not be liable if the interruption of such services is caused directly or indirectly by the failure of the Insured to comply with the terms and conditions of any contracts the Insured has for the supply of services described in sub-paragraph **a.** above.

29. Tax Liability

With respect to loss paid under section **V. FOREIGN LOSS**:

- a. This Company will be liable for an additional loss payment in accordance with the following formula:

$$[(C-A)/B]-C$$

Where:

- A is the local tax benefit that would have been received if the Foreign Entity had been insured hereunder and paid where the Foreign Loss occurred.
 - B is 1 minus the effective tax rate in the country where Foreign Loss payments would have been received if the Foreign Entity had been insured hereunder and paid where the Foreign Loss occurred. The tax rate will be the corporate tax rate in effect for the fiscal year when the loss occurred.
 - C is the actual loss otherwise payable under this Coverage Form, except for the operation of this provision.
- b. If the effective local tax rate where the Foreign Loss occurs is equal to or greater than the effective tax rate in the United States of America (where the loss payment is received), then the formula stated above will not apply. The tax rates applicable will be the respective corporate tax rates in effect for the fiscal year when the loss occurred.

30. Temporary Removal of Property

- a. When Covered Property is removed from an Insured Location for the purpose of being repaired or serviced, this Coverage Form covers such property:
- (1) while at the location to which such property has been moved; and
 - (2) for physical loss or damage as provided at the Insured Location from which such property was removed.
- b. This Additional Coverage does not apply to property:
- (1) insured, in whole or in part, elsewhere in this Coverage Form;
 - (2) insured, in whole or in part, by any other insurance policy; or
 - (3) removed for normal storage, processing, or preparation for sale or delivery.

Sub-paragraph **E. DEDUCTIBLES** of section **I. PROVISIONS APPLICABLE TO ALL COVERAGES** applies to this Additional Coverage as if the Covered Property was at the Insured Location from which it was removed.

31. Transit

- a. This Coverage Form covers the following Personal Property, except as excluded in the sub-paragraphs below or elsewhere in this Coverage Form, while such Personal Property is in due course of transit by any means of conveyance (except ocean marine vessels and aircraft) within the Coverage Territory of this Coverage Form:
- (1) Personal Property owned by the Insured.
 - (2) Personal Property of others in the Insured's custody, to the extent of the Insured's interest or legal liability.
- b. This Additional Coverage does not apply to:
- (1) samples in the custody of salespeople or selling agents.

- (2) property insured, or that is customarily insured, under import or export ocean cargo, ocean marine, or cargo insurance.
 - (3) waterborne shipments, unless by inland water, coastal shipments, or roll-on/roll-off ferries operating between European ports.
 - (4) airborne shipments unless by regularly scheduled passenger airlines or air freight carriers.
 - (5) property of others, including the Insured's legal liability for it, hauled on vehicles owned, leased, or operated by the Insured when acting as a common or contract carrier or backhauling.
 - (6) any transporting vehicle or conveyance, including the equipment thereof.
 - (7) property shipped between continents.
 - (8) property shipped by mail or parcel post, from the time it passes into the custody of the postal service.
 - (9) loss or damage caused by improper packing.
- c. Subsection **D. EXCLUSIONS** of this section **II. PROPERTY DAMAGE** does not apply to this Additional Coverage except for sub-paragraphs **D.1.a.-d.**, **D.1.l.**, **D.2.a.**, **D.2.b.- i.**, **D.2.j.**, **D.3.a.**, **D.3.d.**, **D.3.f.**, **D.3.g.**, and **D.4.a.-c.**
 - d. This Additional Coverage will not inure directly or indirectly to the benefit of any carrier or bailee.
 - e. The Insured has permission, without prejudicing this insurance, to accept ordinary bills of lading used by carriers, released bills of lading, undervalued bills of lading, and shipping or messenger receipts.
 - f. The Insured may waive subrogation against railroads under written sidetrack agreements executed prior to the applicable date of loss.

Except as otherwise stated, the Insured will not enter into any oral or written agreement with carriers releasing them from their common law or statutory liability.

- g. In case of loss covered under this Additional Coverage, the basis of adjustment will be as shown in section **VI. LOSS ADJUSTMENT AND SETTLEMENT, D. VALUATION**, sub-paragraph **1.g.**

32. Valuable Papers and Records

- a. This Coverage Form covers the least of the cost of restoring, researching, replacing or reproducing the Insured's Valuable Papers and Records that are lost or damaged as a result of covered physical loss or damage to the Valuable Papers and Records while within the Coverage Territory, including while in transit.
- b. This Additional Coverage does not apply to:
 - (1) loss or damage to property described below, if such property cannot be replaced with other of like kind and quality, unless specifically identified to the Company in writing prior to the date of the Occurrence:
 - (A) currency, money or securities; or

(B) property held as samples or for sale or for delivery after sale;

(2) errors or omissions in processing, or copying, unless physical damage not excluded by this Coverage Form results, in which event, only that resulting damage is insured; or

(3) deterioration, inherent vice, vermin or wear and tear;

all unless physical damage not excluded by this Coverage Form results, in which event, only that resulting damage is insured.

c. Subsection **D. EXCLUSIONS** of this section **II. PROPERTY DAMAGE** does not apply to this Additional Coverage except for sub-paragraphs **D.1.a., D.1.b., D.1.f., D.1.g., D.1.o., D.2.a., D.2.b.-g., D.2.j.(1), D.2.k., and D.2.l.**

D. EXCLUSIONS

The following exclusions apply to all Coverages under this section **II. PROPERTY DAMAGE** unless specifically stated elsewhere in this Coverage Form.

1. This Coverage Form excludes any:

a. indirect or remote loss or damage.

b. interruption of business, except to the extent provided by this Coverage Form.

c. loss of market or loss of use.

d. loss, damage, or deterioration arising from any delay.

e. mysterious disappearance, loss or shortage disclosed on taking inventory, or any unexplained loss.

f. (1) loss, damage, cost, or expense resulting from enforcement of any law, ordinance, rule, regulation, or ruling:

(A) regulating the construction, repair, replacement, alteration, use, operation, installation, removal (including debris removal), clean-up, or disposal of any property;

(B) requiring the demolition or tearing down of any property, including the cost of removing its debris; or

(C) regulating the construction, repair, replacement, alteration, installation, use, or occupancy of property, the enforcement or application of which results in the inability to rebuild existing injured or damaged Covered Property to like kind and quality, height, area, and/or occupancy;

except as provided by the **Decontamination Costs** or **Demolition and Increased Cost of Construction** Additional Coverages of this Coverage Form.

(2) This exclusion applies whether the loss, damage, cost, or expense results from:

(A) an ordinance or law that is enforced even if the property has not been damaged; or

- (B) the increased costs incurred to comply with an ordinance or law in the course of construction, repair, replacement, removal, remodeling, or demolition of property, or removal of its debris, following a physical loss to the property.
- g. loss, damage, cost, or expense resulting from the voluntary parting with title to or possession of property if induced by any fraudulent scheme, trick, device, or act or by false pretence.
 - h. loss, damage, cost, expense, fine, or penalty resulting from any direction, obligation, request, demand, order, or statutory or regulatory requirement that any Insured or others test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, protect against, or in any other way respond to the actual, alleged, or threatened presence of Pollutants or Contaminants, or any voluntary decision to do so, except to the extent that coverage is provided by the **Decontamination Costs or Land and Water Pollutant or Contaminant Cleanup, Removal and Disposal** Additional Coverage.
 - i. loss, damage, cost, expense, fine, or penalty incurred or sustained by or imposed on an Insured at the order of any government or government body or agency, court, authority, board, or commission arising from any cause whatsoever, including loss, costs, expenses, fines, or penalties arising in connection with any kind or description of environmental impairment including seepage or pollution or contamination from any cause, except to the extent that coverage is provided by the **Decontamination Costs or Land and Water Pollutant or Contaminant Cleanup, Removal and Disposal** Additional Coverage.
 - j. loss, damage, cost, or expense resulting from neglect of an Insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.
 - k. loss, damage, cost, expense, fine, or penalty resulting from:
 - (1) removal of any asbestos, asbestos-containing product, or asbestos-containing material, unless the asbestos, asbestos-containing product, or asbestos-containing material itself incurs direct physical loss or damage caused by fire, lightning, explosion, windstorm, hail, smoke, aircraft or vehicle impact, Riot, Strike, or Civil Commotion, vandalism, or sprinkler leakage;
 - (2) demolition or increased cost of reconstruction, repair, debris removal, or loss of use necessitated by enforcement of any law, regulation, rule, or ordinance regulating asbestos, asbestos-containing product, or asbestos-containing material, except to the extent that coverage is provided by the **Demolition and Increased Cost of Construction** Additional Coverage; or
 - (3) any governmental direction or request declaring that any asbestos, asbestos-containing product, or asbestos-containing material present in or part of or utilized on any undamaged portion of the Insured's property can no longer be used for the purpose for which it was intended or installed and must be removed or modified.
 - l. loss, damage, cost, or expense resulting from a Breakdown to Covered Equipment. But if fire results, the Company will pay for the loss or damage caused by that fire.
 - m. loss, damage, cost, or expense covered under any express or implied guarantee or warranty from a manufacturer or supplier, whether or not such manufacturer or supplier is an Insured under this Coverage Form.
 - n. loss, damage, cost, or expense covered, or required by law to be insured, by a Local Admitted Policy, regardless of whether any amount is paid thereunder for such loss or damage.

- o. loss, damage, cost, or expense caused by or resulting from any virus, bacteria or other microorganism that induces or is capable of inducing physical distress, illness or disease. When it applies, this exclusion supersedes sub-paragraph **4.a.** below. However, this exclusion does not apply to loss or damage caused by or resulting from Fungus, wet rot, dry rot or moss.
 - p. loss, damage, cost, or expense resulting from gradual cracking over time due to normal operation of Covered Equipment, unless such cracking, at the time of its occurrence, prevents continued operation of such Covered Equipment.
 - q. loss, damage, cost, or expense resulting from explosion, rupture, or bursting of steam boilers, steam pipes, steam turbines, or steam engines owned, leased or operated by the Insured. But, if direct physical loss or damage by fire or combustible explosion ensues, this Coverage Form will cover such ensuing loss or damage. This Policy will also cover direct physical loss or damage caused by or resulting from explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- 2.** This Coverage Form excludes loss, damage, cost, or expense directly or indirectly caused by or resulting from any of the following regardless of any other cause or event, whether or not insured under this Coverage Form, contributing concurrently or in any other sequence thereto:
- a. nuclear reaction, nuclear explosion, nuclear radiation, or radioactive contamination from any cause, all whether direct or indirect, controlled or uncontrolled, proximate or remote, or contributed to or aggravated by a Covered Cause of Loss. However:
 - (1) if fire not otherwise excluded results, the Company will be liable for direct physical loss or damage by such resulting fire but not including any loss or damage due to nuclear reaction, nuclear explosion, nuclear radiation, or radioactive contamination.
 - b. hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack by any:
 - (1) government or sovereign power (de jure or de facto);
 - (2) military, naval or air force; or
 - (3) agent or authority of any party specified in sub-paragraphs (1) or (2) above.
 - c. discharge, explosion or use of any nuclear device, weapon or material employing or involving nuclear fission, fusion or radioactive force, whether in time of peace or war and regardless of who commits the act.
 - d. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against such an event.
 - e. expropriation, seizure, appropriation, nationalization, willful destruction, condemnation, requisition, or sequestration by law, order or administrative action of any government (whether civil, military, or de facto). This exclusion does not apply to loss or damage caused by or resulting from acts of destruction ordered by any government and done at the time of a fire to prevent its spread, if the fire would be insured under this Coverage Form.
 - f. risks of contraband or illegal transportation or trade.
 - g. (1) Act of Terrorism;
 - (2) action taken by or on behalf of any government or any branch or division thereof (including, without limitation, the uniformed armed forces, militia, police, state security,

and anti-terrorism agencies) in responding to, preventing, combating, defending or retaliating against any Act of Terrorism; or

- (3) dispersal, application, or release of any actual or alleged pathogen, poison, biologic or chemical product, material, waste or substance as a result of an Act of Terrorism, and it reasonably appears that one purpose of the Act of Terrorism was to release such product, material, waste or substance.

This exclusion applies whether or not the Act of Terrorism was committed in concert with or on behalf of any organization or government.

Vandalism and Malicious Mischief, Riot, Strike or Civil Commotion will not be considered to be an Act of Terrorism.

The terms and limitations of this exclusion do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Form, such as losses excluded by sub-paragraphs **D.2.a.-f.** above or **D.2.h.- i.** below.

However, if direct loss or damage by fire results from any Act of Terrorism (unless committed by or on behalf of the Insured), then this Coverage Form covers only to the extent of the Actual Cash Value of the resulting direct loss or damage by fire to Covered Property. This coverage exception for such resulting fire loss or damage does not apply to any coverage provided in the **TIME ELEMENT** section of this Coverage Form or to any other coverage provided by this Coverage Form.

Terms of this exclusion which are in conflict with the statutes of jurisdictions that mandate the use of the Standard Fire Insurance Policy of the State of New York (also known as the "Standard Fire Policy" or the "165-Line Policy") are hereby amended to conform to such statutes.

- h. the unlawful possession, use, release, discharge, dispersal or disposal of any chemical, bacteriological, viral, radioactive or similar agents or material regardless of who is responsible for the act and whether or not war has been declared, and regardless of any other cause or event contributing concurrently or in any other sequence thereto.
- i. the unlawful possession, use, release, discharge, detonation, dispersal or disposal of any device or material capable of producing a nuclear reaction or the spread of radioactivity, regardless of who is responsible for the act and whether or not war has been declared, and regardless of any other cause or event contributing concurrently or in any other sequence thereto.
- j. (1) any dishonest act, including but not limited to theft, committed alone or in collusion with others, at any time:
 - (A) by an Insured or any proprietor, partner, director, trustee, officer, or employee of an Insured; or
 - (B) by any proprietor, partner, director, trustee, or officer of any business or entity (other than a common carrier) engaged by an Insured to do anything in connection with Covered Property.
- (2) This exclusion does not apply to direct physical damage intentionally caused by an employee of an Insured or any individual specified in **j.(1)(B)** above, if done without the knowledge of an Insured, but:
 - (A) This exception does not apply to any act excluded in sub-paragraph **g.** above; and

(B) In no event does this Coverage Form cover loss by theft by any individual specified in sub-paragraph j.(1)(A) or (B) above.

k. interruption or lack of the following services, whether incoming or outgoing:

(1) electricity, fuel, water, gas, steam, refrigeration, sewerage; or

(2) voice, data or video;

all when caused by an Occurrence off the Insured Location, except as provided in the **Service Interruption Property Damage** or **Service Interruption Time Element** Additional Coverages. But, if the interruption or lack of such a service directly causes physical damage insured by this Coverage Form on the Insured Location, then only that resulting damage is insured.

l. Earth Movement in or causing loss or damage to property located in any Foreign Seismic Zone, except as may be provided by endorsement to this Coverage Form.

m. sinking, rising, shifting or other movement of earth resulting from soil conditions. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

n. action of water or ice or impact damage of watercraft to docks, piers and wharves and property thereon.

o. Political Risk.

p. actual or alleged violation of any Data Privacy law, regulation, rule, ordinance, or contractual requirement.

q. water that backs up or overflows from a sewer, drain or sump.

r. water under the ground surface pressing on, or flowing or seeping through foundations, walls, floors or paved surfaces; basements, whether paved or not; or doors, windows or other openings.

However, if water, as described in sub-paragraphs q. and r. above, results in fire, explosion, or sprinkler leakage, then the Company will pay for the direct physical loss of or damage to Covered Property caused by that fire, explosion, or sprinkler failure.

3. This Coverage Form excludes the following, but, if physical damage not otherwise excluded by this Coverage Form results, then only that resulting damage is insured:

a. loss, damage, cost, or expense resulting from faulty workmanship, material, construction, installation, or design from any cause.

b. loss, damage, cost, or expense resulting from faulty, inadequate or defective:

(1) planning, zoning, development, surveying, or siting;

(2) design, specifications, workmanship, repair, construction, renovation, remodeling, grading, or compaction;

(3) materials used in repair, construction, renovation, or remodeling; or

(4) maintenance;

of part or all of any property on or off an Insured Location.

- c. loss or damage to Stock or material attributable to manufacturing or processing operations while such Stock or material is being processed, manufactured, tested, or otherwise worked on.
 - d. loss, damage, cost or expense resulting from deterioration, depletion, rust, corrosion, erosion, decay, evaporation, wear and tear, marring or scratching, leakage, inherent vice or latent defect, or any quality in or of property which causes it to damage or destroy itself.
 - e. loss, damage, cost or expense resulting from settling, cracking, shrinking, bulging, or expansion of: foundations (including any pedestal, pad, platform or other property supporting machinery); floors; pavements; walls; ceilings; or roofs.
 - f. loss, damage, cost or expense directly or indirectly caused by extremes or changes of temperature, or extremes or changes in relative humidity, all whether atmospheric or not.
 - g. insect, bird, animal, or vermin damage.
 - h. loss or damage to the interior portion of buildings under construction from rain, sleet or snow, all whether or not driven by wind, when the installation of the roof, walls and windows of such buildings has not been completed.
 - i. loss, damage, cost, or expense directly or indirectly caused by the accumulated or cumulative effect of smog, smoke, vapor, liquid, or dust of any kind.
4. This Coverage Form excludes the following unless directly resulting from other physical damage not excluded by this Coverage Form:

- a. loss, damage, cost or expense caused by, resulting from, contributed to, or made worse by actual, alleged or threatened presence, release, discharge, escape or dispersal of Pollutants or Contaminants, all whether direct or indirect, proximate or remote, or in whole or in part caused by, contributed to or aggravated by any physical damage insured by this Coverage Form.

Nevertheless, if fire is not excluded from this Coverage Form and a fire arises directly or indirectly from seepage or contamination or pollution, any loss, damage, cost or expense insured under this Coverage Form arising directly from that fire is insured subject to the provisions of this Coverage Form.

This exclusion will not apply when loss or damage is directly caused by fire, lightning, aircraft impact, explosion, riot, civil commotion, smoke, vehicle impact, windstorm or hail. This exclusion will also not apply when loss or damage is directly caused by leakage or accidental discharge from automatic fire protective systems.

- b. loss, damage, cost or expense caused by shrinkage.
- c. loss, damage, cost or expense caused by changes in color, flavor, texture or finish.
- d. loss, damage, cost or expense associated with any form of contamination of the Insured's Stock or products in the stream of commerce, all whether direct or indirect, proximate or remote, or in whole or in part caused by, contributed to or aggravated by any physical damage insured in this Coverage Form.
- e. loss, damage, cost or expense incurred by the Insured or by others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of the Insured's product or product of the Insured's direct or indirect customers or suppliers if such

product or any portion of it is withdrawn or recalled from the market or from use by any person or organization, including, but not limited to, any governmental body.

5. a. This Coverage Form excludes loss, damage, destruction, distortion, erasure, corruption, alteration, diminishment in value, or loss of use or usefulness of:

(1) Electronic Data by any cause whatsoever, including, but not limited to, Computer Virus;

(2) Electronic Media caused by or resulting from the loss, damage, destruction, distortion, erasure, corruption, alteration, diminishment in value, or loss of use or usefulness of Electronic Data;

regardless of any other cause or event that contributes concurrently or in any other sequence to the loss, damage, destruction, distortion, erasure, corruption, alteration, diminishment in value, or loss of use or usefulness of Electronic Data or Electronic Media.

This exclusion does not apply to loss or damage of Electronic Data or Electronic Media caused by or resulting from the perils of fire, explosion, Riot, Strike or Civil Commotion, impact or collision with or by vehicles or aircraft, sonic boom, sprinkler leakage, sinkhole collapse, Flood, or Earth Movement, if and to the extent that such perils are already covered by this Coverage Form.

- b. This Coverage Form excludes loss, damage, cost or expense resulting from or arising out of any failure, malfunction, deficiency, deletion, fault, Computer Virus or corruption of Computer code that results from or arises out of any authorized or unauthorized access in, of or to any Computer, communication system, data processing equipment, microchip, microprocessor, integrated circuit or similar device.

6. There is no coverage under this section **II. PROPERTY DAMAGE** for any loss that is covered under section **IV. BOILER AND MACHINERY COVERAGE**. This exclusion does not apply to fire resulting from any Breakdown to any Covered Equipment to which the insurance provided by this section **II. PROPERTY DAMAGE** applies. However, under no circumstances will the Company's liability for covered damage or loss resulting from such fire exceed the applicable Sub-limit of Liability shown in item VI.B. SUB-LIMITS OF LIABILITY of the Declarations.

7. There is no coverage under this section **II. PROPERTY DAMAGE** for:

- a. any manufacturer or supplier of machinery, equipment or other property for the cost of making good any loss or damage which such manufacturer or supplier has agreed to make good under a guarantee or warranty, whether express or implied; or
- b. any consulting engineer, architect or designer for loss or damage which arises out of the performance of their respective professional activities;

whether or not named as an Insured under this Coverage Form.

8. There is no coverage under this section **II. PROPERTY DAMAGE** for any loss, damage, cost, claim, or expense, whether preventative, remedial, or otherwise, directly or indirectly, resulting from, arising out of, attributable to, or relating to:

- a. the calculation, comparison, differentiation, sequencing, or processing of data involving any date change, including leap year calculations, by any Computer, Computer system, hardware, program, or software, or by any microchip, integrated circuit, or similar device in Computer or non-Computer equipment, whether the property of the Insured or not; or

- b. any change, alteration, or modification involving any date change, including leap year calculations, to any Computer, Computer system, hardware, program, or software, or to any microchip, integrated circuit, or similar device in Computer or non-Computer equipment, whether the property of the Insured or not.
9. With respect to Covered Property that the insured leases or loans to others, there is no coverage for loss of or damage to such property if the insured fails to follow or enforce the terms of the lease or loan agreement and such failure directly or indirectly results in such loss or damage.

III. TIME ELEMENT

A. LOSS INSURED

1. This Coverage Form insures **TIME ELEMENT** loss that occurs during the applicable Period of Liability, as provided in the **TIME ELEMENT COVERAGES** below, directly resulting from physical loss or damage of the type insured by this Coverage Form:
 - a. to property described in section II. **PROPERTY DAMAGE**, subsection A. **PROPERTY AND PERILS INSURED**, and not otherwise excluded by this Coverage Form or otherwise limited in the **TIME ELEMENT COVERAGES** below:
 - (1) used by the Insured, or which the Insured has contracted for use, and located at an Insured Location or within 1,000 feet of it, or as provided in section II. **PROPERTY DAMAGE**, C. **ADDITIONAL COVERAGES**, 24. **Off Premises Storage for Property Under Course of Construction** or 30. **Temporary Removal of Property**; or
 - (2) to **Miscellaneous Personal Property** at an Insured Location and such Insured Location is not a Contingent Time Element Insured Location; or
 - (3) while in transit as provided by this Coverage Form.
2. This Coverage Form insures **TIME ELEMENT** loss only to the extent it cannot be reduced through:
 - a. the use of any property or service owned or controlled by the Insured;
 - b. the use of any property or service obtainable from other sources;
 - c. working extra time or overtime; or
 - d. the use of inventory,

all whether at an Insured Location or at any other location. The Company may take into consideration the combined operating results of all associated, affiliated or subsidiary companies of the Insured in determining the **TIME ELEMENT** loss.
3. This Coverage Form covers expenses reasonably and necessarily incurred by the Insured to reduce the loss otherwise payable under this section III. **TIME ELEMENT**, subsection A. **LOSS INSURED**. The amount of such recoverable expenses will not exceed the amount by which the loss has been reduced.
4. Except as respects **Leasehold Interest**, in determining the amount of loss payable, the Company will consider the experience of the business before and after, and the probable experience during, the **PERIOD OF LIABILITY**.
5. The Sub-limit of Liability for Time Element shown in item VI.B. of the Declarations includes the Sub-limits of Liability for Time Element Coverage – Boiler and Machinery described in section IV.

**BOILER AND MACHINERY COVERAGE, D. BOILER AND MACHINERY COVERAGE
EXTENSIONS, 1. Time Element Coverage, e.**

B. TIME ELEMENT COVERAGES

1. Business Income

This Coverage Form covers the Actual Loss Sustained by the Insured of business income due to the necessary interruption of the Insured's production or suspension of the Insured's business operations or services at an Insured Location during the **PERIOD OF LIABILITY**. Such interruption or suspension must be caused by direct physical loss of or damage to Covered Property at an Insured Location of the type insured by this Coverage Form. The measurement of such Actual Loss Sustained is as follows:

- a. For Insured Locations that are not covered under a Local Admitted Policy that provides coverage for **Gross Profit**:

(1) Gross Earnings

- (A)** The Actual Loss Sustained by the Insured of the following during the **PERIOD OF LIABILITY**:

- i. Gross Earnings;
- ii. less all charges and expenses that do not necessarily continue during the interruption of production or suspension of business operations or services;
- iii. plus all other earnings derived from the operation of the business.

- (B)** In determining the amount payable as the Actual Loss Sustained, the Company will consider the continuation of only those normal charges and expenses that would have been earned had no interruption of production or suspension of business operations or services occurred.

- (C)** There will be recovery hereunder only to the extent that the Insured is:

- i. wholly or partially prevented from producing goods or continuing business operations or services;
- ii. unable to make up lost production within a reasonable period of time, not limited to the period during which production is interrupted;
- iii. unable to continue such operations or services during the **PERIOD OF LIABILITY**; and
- iv. able to demonstrate a loss of sales for the operations, services or production prevented.

- (D)** For purposes of sub-paragraph a.(1)(A) above, "Gross Earnings" means:

- i. for manufacturing operations: the net sales value of production less the cost of all raw stock, materials and supplies used in such production; and
- ii. 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.

“Gross Earnings” will include Ordinary Payroll only if, and only to the extent, shown on the Schedule of Insured Locations for the affected location.

Any amount recovered by the Insured under section **II. PROPERTY DAMAGE** at selling price for loss or damage to merchandise will be considered to have been sold to the Insured’s regular customers and will be credited against net sales.

- b. For Insured Locations that are covered under a Local Admitted Policy that provides coverage for **Gross Profit**:

(1) Gross Profit

(A) The Actual Loss Sustained by the Insured of the following during the PERIOD OF LIABILITY:

- i. Reduction in Sales, and
- ii. Increase in Cost of Doing Business.

(B) The amount payable as indemnity hereunder will be:

- i. with respect to Reduction in Sales:
 - (a)** the sum produced by applying the Rate of Gross Profit to the amount by which the sales during the **PERIOD OF LIABILITY** will fall short of the Standard Sales. In determining the Reduction in Sales, any amount recovered under section **II. PROPERTY DAMAGE** at selling price for loss or damage to or destruction of finished goods or merchandise will be credited against lost sales.
- ii. with respect to Increase in Cost of Doing Business:
 - (a)** the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in sales which, but for that expenditure, would have taken place during the **PERIOD OF LIABILITY**; but
 - (b)** not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction thereby avoided, all less any sum saved during the **PERIOD OF LIABILITY** with respect to such of the Insured Fixed Charges as may cease or be reduced because of such interruption of business.

(C) In determining the amount payable as the Actual Loss Sustained:

- i. if any fixed charges of the business are not insured hereunder, then, in computing the amount recoverable hereunder as Increase in Cost of Doing Business, only that proportion of the additional expenditure which the sum of the Net Profit and the Insurer Fixed Charges bears to the sum of the Net Profit and the fixed charges will be recoverable hereunder.
- ii. if, during the **PERIOD OF LIABILITY**, goods will be sold or services will be rendered elsewhere than at the Insured Locations for the benefit of the business, either by the Insured or by others on the Insured’s behalf, the money paid or payable in respect of such sales or services will be included in arriving at the amount of sales during the **PERIOD OF LIABILITY**.

(D) The Insured will act with due diligence and dispatch in repairing or replacing physically damaged Buildings and equipment to the same physical and operating

conditions as existed prior to the damage or equivalent conditions; and take whatever actions are necessary and reasonable to minimize the loss payable hereunder.

- (E) Sub-paragraphs **1.b.** and **1.c.** of subsection **E. TIME ELEMENT EXCLUSIONS** below do not apply and the following exclusion applies instead:

This Coverage Form does not insure against any increase in loss due to fines or damages for breach of contract or for late or non-completion of orders, or penalties of any nature.

- (F) Sub-paragraph **1.b.** in paragraph **D. VALUATION** of section **VI. LOSS ADJUSTMENT AND SETTLEMENT** does not apply and the following provision applies instead:

On finished goods manufactured by the Insured, the replacement cost.

- (G) Coverage for the reduction in sales due to contract cancellation will include only those sales that would have been earned under the contract during the **PERIOD OF LIABILITY**.

- (H) The following terms have the following meanings:

- i. Rate of Gross Profit means the rate of Gross Profit earned on the Sales during the 12 full calendar months immediately before the date of the physical loss or damage to Covered Property.
- ii. Standard Sales means the Sales during that period in the 12 months immediately before the date of the physical loss or damage to Covered Property which corresponds with the **PERIOD OF LIABILITY**.

2. Extra Expense

- a. This Coverage Form covers Extra Expense. The recoverable **Extra Expense** loss is the reasonable and necessary extra costs incurred by the Insured for the following during the **PERIOD OF LIABILITY**:

- (1) Extra expenses to temporarily continue as nearly normal as practicable the conduct of the Insured's business; and
- (2) Extra costs of temporarily using property or facilities of the Insured or others;

less any value remaining at the end of the **PERIOD OF LIABILITY** of property obtained in connection with sub-paragraph (1) or (2) above.

- b. The following exclusions apply to **Extra Expense** in addition to subsection **E. TIME ELEMENT EXCLUSIONS**:

Extra Expense does not cover:

- (1) Any loss of income.
- (2) Costs that normally would have been incurred in conducting the business during the same period had no physical loss or damage occurred.
- (3) Cost of permanent repair or replacement of property that has been damaged or destroyed.

(4) Any expense recoverable elsewhere in this Coverage Form.

3. Leasehold Interest

a. This Coverage Form covers **Leasehold Interest** loss, defined as:

- (1) if the lease agreement requires continuation of rent and if the property is wholly untenable or unusable: the actual rent payable for the unexpired term of the lease; or
- (2) if the property is partially untenable or unusable: the proportion of the actual rent payable for the unexpired term of the lease; or
- (3) if the lease is canceled by the lessor pursuant to the lease agreement or by the operation of law: the Lease Interest for the first three months following the loss and the Net Lease Interest for the remaining unexpired term of the lease.

b. With respect to **Leasehold Interest**, paragraphs 1.a., b. and c. of subsection E. **TIME ELEMENT EXCLUSIONS** below do not apply and the following exclusion applies instead:

This Coverage Form does not insure any increase in loss resulting from the suspension, lapse, or cancellation of any license, or from the Insured exercising an option to cancel the lease; or from any act or omission of the Insured that constitutes a default under the lease.

In addition, there is no coverage for the Insured's loss of **Leasehold Interest** directly resulting from physical loss or damage to Personal Property.

4. Rental Insurance

a. This Coverage Form covers **Rental Insurance** loss, defined as the Actual Loss Sustained by the Insured of the following during the **PERIOD OF LIABILITY**:

- (1) The income reasonably expected from rentals of unoccupied or unrented portions of such property; and
 - (2) The rental income from the rented portions of such property according to bona fide leases, contracts or agreements in force at the time of loss,
- all excluding non-continuing charges and expenses.

b. With respect to **Rental Insurance**, sub-paragraph 1.a. of subsection E. **TIME ELEMENT EXCLUSIONS** below does not apply and the following exclusion applies instead:

- (1) This Coverage Form does not insure any loss of rental income during any period in which the Covered Property would not have been tenantable for any reason other than an insured loss.

5. Commissions, Profits, and Royalties

a. This Coverage Form covers the Actual Loss Sustained by the Insured for the following during the **PERIOD OF LIABILITY**:

- (1) Commissions, Profits, and Royalties, as described in sub-paragraph b. below, less
- (2) Non-continuing expenses and charges.

- b. The Commissions, Profits, and Royalties payable hereunder will be the Actual Loss Sustained by the Insured during the **PERIOD OF LIABILITY** under any royalty, licensing fee or commission agreement between the Insured and another party which is not realizable due to direct physical loss or damage insured by this Coverage Form to property of the other party of the type insured by this Coverage Form located within the Coverage Territory, but only if such loss or damage interrupts the delivery of goods, in whole or part, to the Insured or for the Insured's account.
- c. The Insured will influence, to the extent reasonably possible, such party(ies) with whom the agreement(s) described in sub-paragraph **b.** above have been made to use any other machinery, supplies or locations in order to resume business so as to reduce the amount of loss hereunder, and the Insured will cooperate with that party in every way to effect this. This Coverage Form does not cover any cost to effect such influence, use or cooperation unless authorized in advance, in writing, by the Company.
- d. In determining the amount payable under this **Commissions, Profits, and Royalties** paragraph, the Company will consider the amount of income derived by the Insured from such agreements before, and the probable amount of income after, the date of loss or damage.
- e. With respect to **Commissions, Profits, and Royalties**, subsection **E. TIME ELEMENT EXCLUSIONS**, sub-paragraph **1.c.** does not apply.

C. TIME ELEMENT COVERAGE EXTENSIONS

These Coverage Extensions apply to **TIME ELEMENT** if a corresponding Sub-Limit of Liability and amount are shown in item VI.B. SUB-LIMITS OF LIABILITY, Time Element of the Declarations. The Company will not pay more under these Coverage Extensions than the applicable amounts shown in such item, which are included in, and are not in addition to, the Sub-limit of Liability for Time Element shown in such item.

1. Civil Authority

- a. This Coverage Form covers the Actual Loss Sustained and **Extra Expense** incurred by the Insured during the **PERIOD OF LIABILITY** if an order of a civil authority prohibits access to the Insured Location, provided such order is the direct result of physical damage of the type insured against under this Coverage Form at or within 1 statutory mile of such Insured Location.
- b. The **PERIOD OF LIABILITY** applicable to this coverage extension begins at the time of the physical damage and will not exceed the Time Limit applicable to Civil Authority shown in item VI.C. TIME LIMITS of the Declarations. This period of time is part of and not in addition to any **PERIOD OF LIABILITY** applying to any coverage provided in this section **III. TIME ELEMENT**.
- c. This coverage extension does not apply to **Leasehold Interest**.
- d. This coverage extension does not apply if there is coverage for the loss under sub-paragraph **5. Ingress/Egress** below.
- e. The amount of coverage provided under this **Civil Authority** coverage extension will be the lesser of:
 - (1) the Actual Loss Sustained from the time that such physical prevention of ingress to or egress from the affected Insured Location begins and ending at the earlier of:
 - i. the termination of the order described in sub-paragraph **a.** above, or

- ii. the expiration of the time period shown in item VI.C. TIME LIMITS of the Declarations; or
- (2) the Sub-Limit of Liability for Time Element, B. Civil Authority shown in item VI.B. of the Declarations.

2. Delay in Start Up of Property in the Course of Construction

Gross Earnings and **Extra Expense** are extended to cover the Actual Loss Sustained incurred by the Insured during the **PERIOD OF LIABILITY** due to the reasonable and necessary delay in start up of the business operations directly resulting from physical loss or damage of the type insured to Covered Property in the course of construction at an Insured Location or property covered by section II. **PROPERTY DAMAGE, C. ADDITIONAL COVERAGES, 24. Off Premises Storage for Property Under Course of Construction.**

3. Contingent Time Element

This Coverage Form covers the Actual Loss Sustained and **Extra Expense** incurred by the Insured at an Insured Location during the **PERIOD OF LIABILITY** directly resulting from physical loss or damage of the type insured to property of the type insured at Contingent Time Element Locations located within the Coverage Territory:

a. As respects **Contingent Time Element**:

- (1) The Insured will influence and cooperate with the Contingent Time Element Location in every way and take any reasonable and necessary action, including the use of other machinery, supplies, or locations, to effect mitigation of the loss payable hereunder.
- (2) In determining the indemnity payable hereunder, the Company will consider the amount of income derived before the date of physical loss or damage and the probable amount of income after the date of loss or damage.
- (3) Paragraph 1.c. of subsection **E. TIME ELEMENT EXCLUSIONS** below does not apply to this coverage extension.

b. The following exclusions apply to **Contingent Time Element**, in addition to paragraphs 1.b. and 1.c. of subsection **E. TIME ELEMENT EXCLUSIONS** below and subsection **D. EXCLUSIONS** of section II. **PROPERTY DAMAGE**:

This Coverage Form does not insure loss resulting from:

- (1) lack of incoming or outgoing transmission of voice, data or video.
- (2) Earth Movement for locations of a direct customer, supplier, contract manufacturer or contract service provider that are located in any Foreign Seismic Zone.
- (3) physical loss or damage caused by or resulting from an Act of Terrorism, regardless of any other cause or event, whether or not insured under this Coverage Form, contributing concurrently or in any other sequence of loss.

The Contingent Time Element Deductible shown in item VII. **DEDUCTIBLES, F. Contingent Time Element** of the Declarations applies to this Coverage Extension.

4. Extended Period of Liability

- a. The **Gross Earnings** coverage in section III. **TIME ELEMENT, A. TIME ELEMENT COVERAGES, 1. Gross Earnings** above is extended to cover the reduction in sales resulting from:

- (1) the interruption of business as covered by **Gross Earnings**;
- (2) for such additional length of time as is required with the exercise of due diligence and dispatch to restore the Insured's business to the condition that would have existed had no loss occurred, in no event to exceed the time period shown in item VI.C. **TIME LIMITS** of the Declarations; and
- (3) beginning when the applicable **PERIOD OF LIABILITY** ends.

However, this coverage extension does not apply to **Gross Earnings** loss resulting from physical loss or damage caused by or resulting from an Act of Terrorism.

- b. With respect to **Extended Period of Liability**, sub-paragraph 1.b. of subsection **E. TIME ELEMENT EXCLUSIONS** below does not apply, and the following exclusion applies instead:

This Coverage Form does not insure against any increase in loss due to fines or damages for breach of contract or for late or non-completion of orders, or penalties of any nature.

- c. Coverage under this coverage extension for the reduction in sales due to contract cancellation will include only those sales that would have been earned under the contract during the **Extended Period Of Liability**.
- d. This coverage extension does not apply to **Gross Profit**.

5. Ingress/Egress

- a. This Coverage Form covers the Actual Loss Sustained and **Extra Expense** incurred by the Insured because of the necessary interruption of the Insured's business due to physical prevention of ingress to or egress from an Insured Location, where such physical prevention:

- (1) occurs at or within 1 statutory mile of such Insured Location, whether or not the premises or property of the Insured is damaged, and
- (2) is a direct result of physical damage of the type insured by this Coverage Form, to the kind of property not excluded by this Coverage Form.

- b. The amount of coverage provided under this **Ingress/Egress** coverage extension will be the lesser of:

- (1) the Actual Loss Sustained from the time that such physical prevention of ingress to or egress from the affected Insured Location begins and ending at the earlier of:
 - i. the time when the physical prevention of ingress to or egress from an Insured Location described in sub-paragraph a. above ends, in whole or part, or
 - ii. the expiration of the time period shown in item VI.C. **TIME LIMITS** of the Declarations; or
- (2) the Sub-Limit of Liability for Time Element, G. Ingress/Egress shown in item VI.B. of the Declarations.

- c. With respect to this **Ingress/Egress** coverage extension, the following exclusions apply, in addition to subsection **E. TIME ELEMENT EXCLUSIONS** below and section **II. PROPERTY DAMAGE, D. EXCLUSIONS**:

This Coverage Form does not insure loss resulting from:

- (1) lack of incoming or outgoing service consisting of electric, fuel, gas, water, steam, refrigerant, sewerage, voice, data, or video.
 - (2) picketing or other action by strikers except for physical damage not excluded by this Coverage Form.
 - (3) physical loss or damage caused by or resulting from an Act of Terrorism, regardless of any other cause or event, whether or not insured under this Coverage Form, contributing concurrently or in any other sequence to the loss.
- d. Coverage under this coverage extension does not apply for more than the number of consecutive days shown in item VI.C. TIME LIMITS of the Declarations.
- e. This coverage extension does not apply if there is coverage for the loss under sub-paragraph **1. Civil Authority** above.

6. Service Interruption Time Element

- a. This Coverage Form covers the Actual Loss Sustained and **Extra Expense** incurred by the Insured during the Period of Service Interruption at an Insured Location, when the loss:
- (1) is caused by a Covered Cause of Loss and arises from either one of the following:
 - (A) the interruption of direct incoming service consisting of electricity, gas, fuel, steam, water, refrigeration, or telecommunications because of an Occurrence to the facilities of the direct supplier of such service located within 1,000 feet of such Insured Location, or
 - (B) the lack of outgoing sewerage service because of an Occurrence to the facilities of the direct supplier of such service located within 1,000 feet of such Insured Location; and
 - (2) immediately prevents, in whole or in part, the delivery of such usable services and
 - (3) directly causes complete suspension of the Insured's business operations at the affected Insured Location.
- b. This coverage extension will apply when the Period of Service Interruption is in excess of the time shown in item VI.D. WAITING PERIODS of the Declarations.
- c. The exclusions in Section **II. PROPERTY DAMAGE, D. EXCLUSIONS** do not apply to **Service Interruption Time Element** coverage, except for sub-paragraphs:
- (1) **D.1.a., D.1.b., D.1.c., D.1.f., D.1.l., D.2.a., and D.2.b.- i., and**
 - (2) **D.2.k.** with respect to incoming or outgoing voice, data or video.
- d. With respect to this **Service Interruption Time Element** coverage extension, the following exclusions apply, in addition to the exclusions shown in sub-paragraph **c.** above and subsection **E. TIME ELEMENT EXCLUSIONS** below:

This Coverage Form excludes loss or damage directly or indirectly caused by or resulting from the following regardless of any other cause or event, whether or not insured under this Coverage Form, contributing concurrently or in any other sequence to the loss:

- (1) Earth Movement for property located in any Foreign Seismic Zone.
- (2) an Act of Terrorism.
- e. As soon as reasonably practicable, the Insured must notify the suppliers of services of any interruption of the services described in sub-paragraph a.(1) above.
- f. The Company will not be liable under this coverage extension if the interruption of the services described in sub-paragraph a.(1) above is caused directly or indirectly by the failure of the Insured to comply with the terms and conditions of any contract the Insured has for the supply of such services.

D. PERIOD OF LIABILITY

1. The **PERIOD OF LIABILITY** applying to all **TIME ELEMENT COVERAGES**, except **Gross Profit** and **Leasehold Interest** and as shown below or if otherwise provided under **TIME ELEMENT COVERAGE EXTENSIONS**, and subject to any Time Limit shown in item VI.C. TIME LIMITS of the Declarations, is as follows:

- a. For buildings and equipment, the lesser of the period:

- (1) starting from the time of physical loss or damage of the type insured against;

and

- (2) ending when with due diligence and dispatch the building and equipment could be:

(A) repaired or replaced, and

(B) made ready for operations;

under the same or equivalent physical and operating conditions that existed prior to the damage; or

- (3) twelve (12) consecutive months from the date described in sub-paragraph a.(1) above,

- (4) not to be limited by the expiration of the policy of which this Coverage Form is a part.

For buildings and equipment under construction, due consideration will be given to the actual experience of the business compiled after completion of the construction and start-up.

- b. For Stock-in-process and mercantile Stock, including finished goods not manufactured by the Insured, the lesser of the time required with the exercise of due diligence and dispatch:

- (1) to restore Stock-in-process to the same state of manufacture in which it stood at the inception of the interruption of production or suspension of business operations or services; and

- (2) to replace physically damaged mercantile Stock; or

- (3) twelve (12) consecutive months from the date of inception of interruption described in sub-paragraph **b.(1)** or physical damage described in **b.(2)** above.

This provision does not apply to **Rental Insurance**.

c. For raw materials and supplies, the lesser of the period of time:

- (1) of actual interruption of production or suspension of operations or services resulting from the inability to get suitable raw materials and supplies to replace similar ones damaged; but
- (2) limited to that period for which the damaged raw materials and supplies would have supplied operating needs; or
- (3) twelve (12) consecutive months from the beginning of the actual interruption described in sub-paragraph **c.(1)** above;

d. If water:

- (1) used for any manufacturing purpose, including but not limited to as a raw material or for power;
- (2) stored behind dams or in reservoirs; and
- (3) on any Insured Location;

is released as the result of physical damage of the type insured against under this Coverage Form to such dam, reservoir or connected equipment, the Company's liability for the actual interruption of production or suspension of operations or services due to inadequate water supply will not extend beyond 30 consecutive days after the damaged dam, reservoir or connected equipment has been repaired or replaced.

This provision does not apply to **Rental Insurance**.

- e.** For physically damaged exposed films, records, manuscripts and drawings, the time required to copy from backups or from originals of a previous generation, not to exceed twelve (12) consecutive months from the date of the covered physical damage to such films, records, manuscripts, or drawings. This time does not include research, engineering or any other time necessary to restore or recreate lost information.

This provision does not apply to **Rental Insurance**.

2. The **PERIOD OF LIABILITY** applicable to **Gross Profit** is as follows:

a. For property not under construction, the period:

- (1) starting from the time of physical loss or damage of the type insured against; and
- (2) ending not later than 12 months thereafter;

during which period the results of the business will be directly affected by such loss or damage; and

- (3) not to be limited by the expiration of this Coverage Form.

b. For property under construction, the period:

- (1) starting on the date the production, business operation or service would have commenced if physical damage or the type insuring against had not happened; and
- (2) ending not later than 12 months thereafter;

during which period the results of the business will be directly affected by such loss or damage; and

- (3) not to be limited by the expiration of the policy of which this Coverage Form is a part.

For property under construction, the Rate of Gross Profit and Standard Sales will be based on the experience of the business after construction is completed and the probable experience during the **PERIOD OF LIABILITY**.

- 3. The **PERIOD OF LIABILITY** does not include any additional time due to the Insured's inability to resume operations for any reason, including but not limited to:
 - a. making changes to equipment.
 - b. making changes to the buildings or structures except as provided in section II. **PROPERTY DAMAGE, B. ADDITIONAL COVERAGES, 9. Demolition and Increased Cost of Construction**.
 - c. restaffing or retraining employees.
- 4. If more than one **PERIOD OF LIABILITY** applies, such periods will not be cumulative, but will be concurrent.

E. TIME ELEMENT EXCLUSIONS

The following exclusions apply to **TIME ELEMENT** loss, in addition to the exclusions in section II. **PROPERTY DAMAGE, D. EXCLUSIONS**, unless shown to the contrary:

- 1. This Coverage Form does not insure against:
 - a. any loss during any idle period, including but not limited to when production, operation, service or delivery or receipt of goods would cease, or would not have taken place or would have been prevented, due to:
 - (1) physical loss or damage not insured by this Coverage Form on or off of the Insured Location.
 - (2) planned or rescheduled shutdown.
 - (3) strikes or other work stoppage.
 - (4) any reason other than physical loss or damage insured by this Coverage Form.
 - b. any increase in loss due to:
 - (1) suspension, cancellation, or lapse of any lease, contract, license or orders.
 - (2) fines or damages for breach of contract or for late completion or non-completion of orders.
 - (3) for penalties of any nature.

- (4) any other consequential or remote loss.
 - c. any loss resulting from loss or damage to finished goods manufactured by the Insured or the time required for their reproduction.
 - d. any loss resulting from the Actual Cash Value portion of direct physical loss or damage by fire caused by or resulting from an Act of Terrorism.
 - e. any loss resulting from the Insured's inability to rebuild, restore or re-use damaged Covered Property to like kind and quality, height, area, and/or occupancy because of the application or enforcement of any law, rule, regulation, ordinance, code, governmental directive, standard, or legal or administrative restriction of any kind regulating the construction, repair, use, or occupancy of property.
2. There is no coverage under this section **III. TIME ELEMENT** for any loss covered under section **IV. BOILER AND MACHINERY COVERAGE**. This exclusion does not apply to fire resulting from a Breakdown to Covered Equipment, to which the insurance provided by this section **III. TIME ELEMENT** will apply. However, under no circumstances will the Company's liability for covered damage or loss resulting from such fire exceed the applicable Sub-limit of Liability shown in item VI.B. SUB-LIMITS OF LIABILITY of the Declarations.
 3. This section **III. TIME ELEMENT** does not apply to any loss covered under the **Demolition and Increased Cost of Construction** or **Newly Acquired Property** Additional Coverage unless and until such time as the Company agrees to cover such property.

F. TIME ELEMENT INTERDEPENDENCY

If there is a loss at an Insured Location that affects the operations at one or more other Insured Locations, the loss, which includes any resulting interdependency loss, will be adjusted based on the **TIME ELEMENT** coverage that applies at the Insured Location where the physical loss or damage insured by this Coverage Form occurred.

IV. BOILER AND MACHINERY COVERAGE

A. INSURING AGREEMENT

The Company will be liable for direct physical loss to Covered Property (as described in paragraph 2. of section **II. PROPERTY DAMAGE** above) occurring during the Policy Period at an Insured Location caused by or resulting from a Breakdown to Covered Equipment, as provided below.

B. LIMIT OF LIABILITY

1. The Company's liability under this section **IV. BOILER AND MACHINERY COVERAGE** arising out of any one Breakdown is limited to the Sub-limit of Liability shown for Boiler and Machinery in item VI.B. SUB-LIMITS OF LIABILITY of the Declarations.
2. If an initial Breakdown causes other Breakdowns, all will be considered one Breakdown. All Breakdowns at any one Insured Location which manifest themselves at the same time and are the result of the same cause will be considered one Breakdown.

C. DEDUCTIBLES AND WAITING PERIOD

1. With regard to loss or damage to Covered Property insured under this section **IV. BOILER AND MACHINERY COVERAGE**, the Company will not pay for loss or damage resulting from any one Breakdown until the amount of covered loss exceeds the applicable Deductible shown in item VII. DEDUCTIBLES, E. Boiler and Machinery of the Declarations. Separate Deductibles apply to each Boiler and Machinery Coverage Extension, except as shown in sub-paragraph 2. below. The Company will then pay the amount of covered loss or damage in excess of the Deductible, up to the applicable Sub-Limit of Liability.

2. The Deductibles shown in item VII. DEDUCTIBLES, E. Boiler and Machinery of the Declarations apply separately for each applicable coverage and Boiler and Machinery Coverage Extension, except if:
 - a. a Combined Deductible is shown, then the Company will first subtract the combined deductible amount from the aggregate amount of all covered loss; or
 - b. more than one Covered Equipment is involved in one Breakdown, then only one Deductible, the highest, will apply for each applicable coverage or Boiler and Machinery Coverage Extension.
3. With regard to Business Income and Extra Expense:
 - a. If "Average Daily Time Element Value" is shown in item VII. DEDUCTIBLES, F. Boiler and Machinery, 1. Business Income and Extra Expense, of the Declarations, then the applicable Deductible will be the amount obtained by multiplying the Average Daily Time Element Value at the time of loss by the number shown in item VII. DEDUCTIBLES, F. Boiler and Machinery of the Declarations; and
 - b. no liability will exist under this section **IV. BOILER AND MACHINERY COVERAGE** for any Business Income loss at an Insured Location as a result of a Breakdown to Covered Equipment unless the Period of Liability exceeds the time period shown in item VI. D. WAITING PERIODS, Time Element Coverage – Boiler and Machinery on the Declarations. The Company will be liable only for the part of the loss that is incurred for the part of the Period of Liability that exceeds such Waiting Period.
 - c. The Period of Liability for Business Income loss is the same as the **PERIOD OF LIABILITY** for the corresponding type of **TIME ELEMENT** Coverage as described in section III. **TIME ELEMENT, D. PERIOD OF LIABILITY**

D. BOILER AND MACHINERY COVERAGE EXTENSIONS

1. Time Element Coverage

- a. The Business Income, Extra Expense, Leasehold Interest, Rental Insurance, and Commissions, Profits and Royalties Coverages provided in section III. **TIME ELEMENT, B. TIME ELEMENT COVERAGES** are extended to include loss caused by or resulting from a Breakdown to Covered Equipment.
- b. With regard to Business Income, the Company will also pay the necessary Extra Expense incurred during the Period of Liability to reduce the amount of loss under this Coverage Extension. The Company will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under sub-paragraph **1.a.** of this Coverage Extension.
- c. With regard to Business Income and Extra Expense, the Company will consider the experience of the business before the Breakdown and the probable experience that would have occurred without the Breakdown in determining the amount of payment.
- d. In addition to the exclusions and limitations shown elsewhere in this section **IV. BOILER AND MACHINERY COVERAGE**, the Company will not pay for Business Income, Extra Expense, Leasehold Interest, Rental Insurance, or Commissions, Profits and Royalties resulting from:

- (1) the failure to use due diligence and dispatch to operate the business as nearly normal as reasonably practicable at the Insured Location(s); or
 - (2) the suspension, lapse, or cancellation of a contract following a Covered Cause of Loss expending beyond the time the business could have resumed at the Insured Location(s) if the contract had not lapsed or been suspended or cancelled.
- e. The Company will not pay more than the Sub-limit of Insurance for Time Element Coverage – Boiler and Machinery shown in item VI.B. SUB-LIMITS OF LIABILITY of the Declarations. This Sub-limit of Liability is included within, and is not in addition to, the Sub-limit of Liability – Boiler and Machinery described in sub-paragraph **IV.B.1.a.** above.

2. Decontamination Costs

The following applies despite the operation of any exclusion of loss, damage, cost or expense caused by the application of any law or ordinance found elsewhere in this Coverage Form:

- a. If Covered Property, including otherwise uninsured land or water at the Insured Location, is damaged, contaminated, or polluted by a Hazardous Substance, including any additional expenses incurred by the Insured for clean-up, repair, replacement or disposal of that property.
- b. As used in this Coverage Extension, “additional expense” means the additional cost incurred over and above the amount that the Company would have paid had no Hazardous Substance been involved with the loss.
- c. If Time Element Coverage is provided elsewhere in this section **IV. BOILER AND MACHINERY COVERAGE**, such coverage is extended to cover any additional expense caused by a Hazardous Substance.
- d. The Company will not pay more than the Sub-Limit of Insurance for Decontamination Costs – Boiler and Machinery shown in item VI.B. SUB-LIMITS OF LIABILITY of the Declarations. This Sub-limit of Liability is included within, and is not in addition to, the Sub-limit of Liability – Boiler and Machinery described in sub-paragraph **IV.B.1.a.** above.
- e. This Coverage Extension does not apply to loss, damage, costs, or expenses covered under section **II. PROPERTY DAMAGE, C. ADDITIONAL COVERAGES, 6. Debris Removal, 7. Decontamination Costs, 9. Demolition and Increased Cost of Construction, 14. Fungus, Wet Rot, Dry Rot, and Moss, or 17. Land and Water Pollutant or Contaminant Cleanup, Removal and Disposal.**

3. Perishable Goods

- a. The Company will pay for loss of:
 - (1) Perishable Goods that are Covered Property due to spoilage that is caused by or results from a Breakdown to Covered Equipment;
 - (2) Perishable Goods that are Covered Property due to spoilage that is caused by or results from an interruption in any of the following utility services that is the direct result of a Breakdown to Covered Equipment that is owned, operated or controlled by a private or public utility, landlord, or other supplier with whom the Insured has a contract to provide such services: air conditioning; communication; electrical power; gas; heating; refrigeration; steam; water; or waste treatment. Coverage for such loss will begin 12 consecutive hours after the time the Breakdown causes the initial interruption of such service;

- (3) Perishable Goods that are Covered Property due to contamination from the release of refrigerant, including, but not limited to, ammonia; and
- (4) any reasonable and necessary expenses incurred by the Insured to reduce the amount of loss under this Coverage Extension. The Company will pay such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under sub-paragraphs **a.(1), (2) or (3)** of this Coverage Extension.
- b. If the Insured is unable to replace the Perishable Goods before their anticipated sale, the amount of the Company's payment under this Coverage Extension will be determined on the basis of the sales price of the Perishable Goods at the time of the Breakdown, less discounts and expenses the Insured would have had if there had been no Breakdown. Otherwise, the Company's payment will be determined in accordance with section **VI. LOSS ADJUSTMENT AND SETTLEMENT, D. VALUATION**.
- c. The Company will not pay more than the Sub-Limit of Insurance for Perishable Goods – Boiler and Machinery shown in item VI.B. SUB-LIMITS OF LIABILITY of the Declarations. This Sub-limit of Liability is included within, and is not in addition to, the Sub-limit of Liability – Boiler and Machinery described in sub-paragraph **IV.B.1.a.** above.
- d. This Boiler and Machinery Coverage Extension does not apply to loss covered under sub-paragraph **4. Refrigerant Contamination** below.

4. Refrigerant Contamination

If Covered Property is contaminated by a refrigerant, including ammonia, as a direct result of a Breakdown to Covered Equipment, the Company will pay for physical damage to that property and for reasonable and necessary salvage expense and any reasonable and necessary additional expenses incurred by the Insured for clean-up, repair, replacement or disposal of that property. The Company will not pay more than the Sub-limit of Liability for Refrigerant Contamination – Boiler and Machinery shown in item VI.B. SUB-LIMITS OF LIABILITY of the Declarations. This Sub-limit of Liability is included within, and is not in addition to, the Sub-limit of Liability – Boiler and Machinery described in sub-paragraph **IV.B.1.a.** above.

This Boiler and Machinery Coverage Extension does not apply to loss covered under sub-paragraph **3. Perishable Goods** above.

5. Utility Interruption – Time Element Coverage

- a. The insurance provided for **Time Element Coverage** in sub-paragraph **D.1.** above is extended to apply to loss caused by or resulting from an interruption in one or more of the following utility services that is a direct result of a Breakdown to Covered Equipment that is owned, operated or controlled by a private or public utility, landlord, or other supplier with whom the Insured has a contract to provide such services: air conditioning; communication; electrical power; gas; heating; refrigeration; steam; water; or waste treatment. Coverage for such loss will begin 12 consecutive hours after the time the Breakdown causes the initial interruption of such service.
- b. The Company will not pay more than the Sub-Limit of Liability for Utility Interruption – Time Element Coverage – Boiler and Machinery shown in item VI.B. SUB-LIMITS OF LIABILITY of the Declarations. This Sub-limit of Liability is included within, and is not in addition to, the Sub-limit of Liability for Time Element Coverage - Boiler and Machinery described in sub-paragraph **IV.D.1.e.** above.

6. Water Damage Coverage

If Covered Property is damaged by water as a direct result of a Breakdown to Covered Equipment, the Company will pay for such physical damage, including reasonable and necessary salvage expense. The Company will not pay more than the Sub-limit of Liability for Water Damage Coverage – Boiler and Machinery shown in item VI.B. SUB-LIMITS OF LIABILITY of the Declarations. This Sub-limit of Liability is included within, and is not in addition to, the Sub-limit of Liability – Boiler and Machinery described in sub-paragraph **IV.B.1.a.** above.

E. BOILER AND MACHINERY ADDITIONAL COVERAGE EXTENSIONS

If the following Additional Coverages are provided elsewhere in this Coverage Form, they are extended to also cover loss and reasonable and necessary expense resulting from a Breakdown to Covered Equipment to which this section **IV. BOILER AND MACHINERY COVERAGE** applies. The Company's liability for any and all of the following Additional Coverages is included in, and is not in addition to, the Sub-Limit of Liability shown for Boiler and Machinery in item VI.B. SUB-LIMITS OF LIABILITY, Boiler and Machinery of the Declarations, unless a separate Sub-limit of Liability is shown in item VI.B. SUB-LIMITS OF LIABILITY, Boiler and Machinery of the Declarations. The Sub-Limits of Liability applicable to the corresponding Coverages in section **II. PROPERTY DAMAGE** or **III. TIME ELEMENT**, shown in item VI.B. SUB-LIMITS OF LIABILITY of the Declarations, do not apply to the following Additional Coverages.

1. PROPERTY DAMAGE BOILER AND MACHINERY ADDITIONAL COVERAGE EXTENSIONS

- a. Accounts Receivable**
- b. Consequential Reduction in Value**
- c. Course of Construction ("COC")**
- d. Debris Removal**
- e. Demolition and Increased Cost of Construction**
- f. Errors and Omissions**
- g. Expediting Costs**
- h. Fine Arts**
- i. Fungus, Wet or Dry Rot, and Moss.** However, this Boiler and Machinery Additional Coverage Extension applies only to Fungus, wet or dry rot, or moss that results from a Covered Cause of Loss ("Resulting Fungus"). The most that the Company will pay for such Resulting Fungus is the Sub-limit of Liability for Resulting Fungus, Wet or Dry Rot, and Moss – Boiler and Machinery in item VI.B. SUB-LIMITS OF LIABILITY, Boiler and Machinery of the Declarations.
- j. Miscellaneous Personal Property**
- k. Miscellaneous Unnamed Insured Locations**
- l. Neighbor's Recourse and Tenant's Liability**
- m. Newly Acquired Property**
- n. Off Premises Storage for Property Under Course of Construction**

o. Professional Fees

p. Protection and Preservation of Property. However, this Boiler and Machinery Additional Coverage Extension does not apply to costs or expenses incurred prior to the loss for the purpose of saving or protecting Covered Property from actual or imminent damage.

q. Temporary Removal of Property

r. Valuable Papers and Records

2. TIME ELEMENT BOILER AND MACHINERY ADDITIONAL COVERAGE EXTENSIONS

a. Civil Authority

b. Delay in Start Up for Property in the Course of Construction

c. Contingent Time Element

d. Extended Period of Liability

e. Ingress/Egress

F. EXCLUSIONS

1. All exclusions in section **II. PROPERTY DAMAGE**, including, but not limited to the exclusions in paragraph **D. EXCLUSIONS**, and section **III. TIME ELEMENT**, including, but not limited to, the exclusions in paragraph **E. EXCLUSIONS**, apply to this section **IV. BOILER AND MACHINERY COVERAGE** except for the following and as modified in paragraph 2. below: section **II. PROPERTY DAMAGE, D. EXCLUSIONS, 1.l., 1.p., 1.q., 3.g., and 6.**; and section **III. TIME ELEMENT, E. EXCLUSIONS, 3.**

2. With respect to coverage provided under this section **IV. BOILER AND MACHINERY COVERAGE** only:

a. Section II. PROPERTY DAMAGE, D. EXCLUSIONS, 3.a. is deleted and replaced by the following:

a. faulty workmanship, material, construction, installation or design from any cause. However, if a covered Breakdown to Covered Equipment results from such excluded causes of loss, the Company will be liable only for any loss or damage ensuing directly from such Breakdown.

b. Section II. PROPERTY DAMAGE, D. EXCLUSIONS, 3.b. is deleted and replaced by the following:

b. faulty, inadequate or defective:

(1) planning, zoning, development, surveying, siting;

(2) design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction; or

(3) materials used in repair, construction, renovation or remodeling.

However, if a covered Breakdown to Covered Equipment results from such excluded causes of loss, the Company will be liable only for any loss or damage ensuing directly from such Breakdown.

c. Section **II. PROPERTY DAMAGE, D. EXCLUSIONS, 3.c.** is deleted and replaced by the following:

c. loss or damage to Stock or material attributable to manufacturing or processing operations while such Stock or material is being processed, manufactured, tested or otherwise worked on, unless such loss or damage is the direct result of a Breakdown to Covered Equipment.

d. Section **II. PROPERTY DAMAGE, D. EXCLUSIONS, 3.d.** is deleted and replaced by the following:

d. deterioration, depletion, rust, corrosion, erosion, decay, evaporation, wear and tear, marring or scratching, leakage, inherent vice or latent defect. However, if a covered Breakdown to Covered Equipment results from such excluded causes of loss, the Company will be liable only for any loss or damage ensuing directly from such Breakdown.

e. Section **II. PROPERTY DAMAGE, D. EXCLUSIONS, 4.a.** is deleted and replaced by the following:

a. loss, damage, cost or expense caused by, resulting from, contributed to by, or made worse by actual, alleged or threatened release, discharge, escape or dispersal of a Hazardous Substance or any refrigerant, all whether direct or indirect, proximate or remote, or in whole or part caused, contributed to, or aggravated by any physical damage insured by this Coverage Form, except as provided under section **IV. BOILER AND MACHINERY COVERAGE, D. BOILER AND MACHINERY COVERAGE EXTENSIONS, 2. Decontamination Costs and 4. Refrigerant Contamination.**

f. Section **II. PROPERTY DAMAGE, D. EXCLUSIONS, 4.b.** and **4.c.** are deleted and replaced by the following:

b. shrinkage; or changes in color, flavor, texture, or finish, except as provided under section **IV. BOILER AND MACHINERY COVERAGE, D. BOILER AND MACHINERY COVERAGE EXTENSIONS, 3. Perishable Goods.**

g. The following is deleted from section **II. PROPERTY DAMAGE, D. EXCLUSIONS, 5.:**

This exclusion does not apply to loss or damage of Electronic Data or Electronic Media caused by or resulting from the perils of fire, explosion, Riot, Strike or Civil Commotion, impact or collision with or by vehicles or aircraft, sonic boom, sprinkler leakage, sinkhole collapse, Flood, or Earth Movement, if and to the extent that such perils are already covered by this Coverage Form.

and replaced by the following:

This exclusion does not apply to loss or damage of Electronic Data or Electronic Media caused by or resulting from a Breakdown to Covered Equipment.

3. With respect to this section **IV. BOILER AND MACHINERY COVERAGE**, the following exclusions are added:

a. The Company will not pay for loss, damage, cost or expense caused directly or indirectly by any of the following:

- (1) any Breakdown to Covered Equipment that takes place while the Covered Equipment is undergoing a test which subjects the Covered Equipment to greater than maximum allowable operating conditions as identified by the manufacturer of the Covered Equipment;
- (2) fire, including fire resulting from a Breakdown, fire that occurs at the same time as a Breakdown, and fire that ensues from a Breakdown;
- (3) combustion explosion;
- (4) explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass;
- (5) an explosion. However, the Company will pay for direct loss or damage of caused by an explosion of Covered Equipment of a kind specified in the following if not otherwise excluded:
 - (a) steam boiler, electric steam generator, steam piping, steam turbine, steam engine; or
 - (b) gas turbine or any other moving or rotating machinery when such explosion is caused by centrifugal force or mechanical breakdown;
- (6) Earth Movement;
- (7) Flood; water damage caused by back-up of sewers, drains or drainage piping; or water under the ground surface pressing on or flowing or seeping through: foundations, walls, floors or paved surfaces; basements, whether paved or not; or doors, windows or other openings;
- (8) Fungus, wet or dry rot, or moss. However, this exclusion does not apply to Resulting Fungus. The most that the Company will pay for such Resulting Fungus is the Sub-limit of Liability for Resulting Fungus, Wet or Dry Rot, and Moss – Boiler and Machinery in item VI.B. SUB-LIMITS OF LIABILITY, Boiler and Machinery of the Declarations;
- (9) aircraft or missiles; Riot, Strike or Civil Commotion; collapse; falling objects; freezing caused by cold weather; hail; lightning; molten material; smoke; Vandalism and Malicious Mischief; vehicles; water damage caused by the discharge or leakage of sprinkler system, sewer piping or domestic water piping; water or other means used to extinguish a fire, even when the attempt is unsuccessful; weight of snow, ice or sleet; or windstorm;
- (10) any Breakdown to Covered Equipment, regardless of how caused, while such Covered Equipment is in transit;
- (11) with regard to **Utility Interruption – Time Element Coverage** and **Perishable Goods Coverage** Boiler and Machinery Coverage Extensions, any loss, damage, cost or expense caused by or resulting from acts of sabotage or deliberate act(s) of load shedding by the supplying or distributing utility, landlord or other supplier;
- (12) any Breakdown to Covered Equipment, regardless of how caused, until the time such Covered Equipment has been installed and completely tested at an Insured Location. "Completely tested" means that such Covered Equipment has operated at the Insured Location in the capacity for which such Covered Equipment was designed as part of the Insured's normal production process or processes. This exclusion does not apply to any newly installed Covered Equipment having a fair market value of \$1,000,000 or less or to any spare or replacement Covered Equipment or parts thereof; or

- (13) any Breakdown to Covered Equipment while it is being maintained or altered, if the Breakdown is a direct result of such maintenance or alteration. However, if a Breakdown not otherwise excluded by this Coverage Form results, then only such resulting Breakdown is covered. Any opening, closing or transporting of Covered Equipment will not be considered a part of any maintenance or alterations.

G. ADDITIONAL CONDITIONS

The following conditions apply to this section **IV. BOILER AND MACHINERY CONDITIONS** in addition to conditions in sections **V. FOREIGN LOSS**, **VI. LOSS ADJUSTMENT AND SETTLEMENT**, **VII. LOSS CONDITIONS**, and **VIII. GENERAL CONDITIONS**.

1. Suspension

Whenever Covered Equipment is found to be in, or exposed to, a dangerous condition, any of the Company's representatives may immediately suspend the insurance under this Coverage Form against loss from a Breakdown to that Covered Equipment. This can be done by delivering or mailing a written notice of suspension to the First Named Insured at the address shown in item II. FIRST NAMED INSURED'S MAILING ADDRESS of the Declarations, or at the location of the Covered Equipment. Once suspended in this way, the insurance can be reinstated only by an endorsement issued to form a part of this Coverage Form. If the Company so suspends this insurance, the First Named Insured will receive a pro rata refund of premium for the period of such suspension. But the suspension will be effective even if the Company has not yet made or offered a refund.

V. FOREIGN LOSS

- A.** This **SECTION V. FOREIGN LOSS** applies only to a Foreign Loss. In the event of a Foreign Loss, the Company will indemnify the First Named Insured for the Foreign Loss caused by a Foreign Occurrence in accordance with this coverage part. This Coverage provides the only coverage under this Coverage Form for a Foreign Loss.
- B.** When the insurance provided by this section applies, it applies to the First Named Insured in addition to all other terms, conditions and limitations of this Coverage Form. Notwithstanding the foregoing, nothing in this section is intended to, nor does it, extend coverage beyond the terms, conditions, exclusions and other limitations of this Coverage Form.
- C.** The First Named Insured is the only insured under this Coverage Form. This Coverage Form is amended to provide that no Foreign Entity is an insured, and no Foreign Loss is insured, under this Coverage Form.
- D.** The insurance provided by this **SECTION V. FOREIGN LOSS** is subject to the applicable limits and sub-limits of liability, time limits, waiting periods, and deductibles stated in the Declarations of, or elsewhere in, this Coverage Form, including any aggregate limits or sub-limits of liability (collectively, "limits"). Any Foreign Loss for which the Company pays indemnity will erode and be counted against such limits. Such limits apply on the same basis (per Occurrence, Term Aggregate, etc.) with respect to the First Named Insured as would apply if the Foreign Entity was an insured under this Coverage Form. The amount of the Company's indemnification of the First Named Insured for the Foreign Loss will be subject to the limits and calculated as follows:
1. if, at the time of the Foreign Loss, the First Named Insured has a direct or indirect Ownership Interest in the Foreign Entity, the Company's limit of liability for the Foreign Loss will be an amount equal to the percentage Ownership Interest of the First Named Insured in the Foreign Entity, as set out in a Schedule attached to this Coverage Form or listed in a separate endorsement, multiplied by the amount of the Foreign Loss; or

2. if the First Named Insured does not have a direct or indirect Ownership Interest in the Foreign Entity, or has an Ownership Interest of less than 100%, but is obligated, prior to the date of the Foreign Loss, to indemnify the Foreign Entity for the full amount of the Foreign Loss or to purchase property insurance for the Foreign Entity, then the Company's limit of liability for the Foreign Loss will be the amount for which the First Named Insured has indemnified or is obligated to indemnify the Foreign Entity.
- E. Notwithstanding the foregoing, there is no coverage provided under this section if trade or economic sanctions would prohibit the Company from providing direct insurance, including, but not limited to, the payment of claims, for, on behalf of, or to any person or Entity.
- F. The following exclusions apply only for purposes of effecting this section **V. FOREIGN LOSS** and section **I. PROVISIONS APPLICABLE TO ALL COVERAGES, F. HOW THIS COVERAGE FORM APPLIES**; and apply in addition to the other exclusions and limitations in this Coverage Form. If there is a conflict between the following exclusions and other exclusions and limitations in this Coverage Form, the following exclusions will apply.

1. AUSTRALIA

This Coverage Form does not cover loss, damage, cost, or expense recoverable under the Terrorism Insurance Act 2003, as amended.

2. FRANCE AND FRENCH TERRITORIES

This Coverage Form does not cover loss, damage, cost, or expense directly or indirectly caused by, resulting from, arising out of, or attributable to any:

- a. event declared as a natural disaster pursuant to French Law 82-600 of July 12, 1982, as amended;
- b. act of terrorism in France or in any French territory, regardless of any cause or event contributing concurrently or in any sequence thereto. For purposes of this exclusion, the term "act of terrorism" means any act defined in Articles L-126-2, R126-1, and R126-2 of the French Insurance Code; Articles L-421-1 and L-421-2 of the French Penal Act; Decree 2001-1337, dated December 28, 2001; or any regulation or rule promulgated under any of these; all as amended.

3. GERMANY

This Coverage Form does not cover loss, damage, cost, or expense directly or indirectly caused by, resulting from, arising out of, or attributable to Sturmflut in Schlewzig-Holstein, Niedersachsen, Mecklenburg-Vorpommer, Bremen, or Hamburg.

4. GREAT BRITAIN

This Coverage Form does not cover loss, damage, cost, or expense directly or indirectly caused by, resulting from, arising out of, or attributable to any:

- a. act of terrorism in Great Britain, regardless of any other cause or event contributing concurrently or in any sequence thereto; or
- b. action taken in controlling, preventing, or suppressing any act of terrorism, or in any other way related to any act of terrorism, in Great Britain.

For purposes of this exclusion, the term "act of terrorism" means any act of persons acting on behalf of, or in connection with, any organization which carries out activities directed towards

the overthrowing or influencing, by force or violence, of the government of the United Kingdom or any other de jure or de facto government.

5. NAMIBIA AND SOUTH AFRICA

This Coverage Form does not cover loss, damage, cost or expense directly or indirectly caused by, resulting from, arising out of, or attributable to any event for which a fund has been established under the terms of the War Damage Insurance and Compensation Act, 1976 (No. 85 of 1976) or any other similar statute, rule or regulation effective in Namibia or South Africa, all as amended; regardless of conditions of or delays in payment under such Act, statute, rule or regulation.

6. NORTHERN IRELAND

This Coverage Form does not cover loss, damage, cost or expense directly or indirectly caused by, resulting from, arising out of, or attributable to any event which falls under the Criminal Damage (Compensation) (Northern Ireland) Order 1977 (No. 1247) (N.I. 14), as amended; regardless of conditions of or delays in payment under such Order.

7. NORWAY

This Coverage Form does not cover loss, damage, cost or expense directly or indirectly caused by, resulting from, arising out of, or attributable to any event which falls under the Norwegian Natural Damage Insurance Act (Act No. 70 of June 16, 1989), as amended; regardless of conditions of or delays in payment under such Act.

8. SPAIN AND SPANISH TERRITORIES

This Coverage Form does not cover loss, damage, cost, or expense which:

- a. (1) falls under the regulation of the Consorcio de Compensacion de Seguros ("Consorcio"); and
(2) is declared by the Consorcio to be within the conditions of the coverage it provides;
- b. directly or indirectly is caused by, results from, arises out of, or is attributable to an event classified by a public authority in Spain or any Spanish territory as an "extraordinary circumstance";
- c. directly or indirectly is caused by, results from, arises out of, or is attributable to any event that leads to the declaration of a state of emergency, known as a "Calamidad Nacional", by the government of Spain; or
- d. despite being caused by or attributable to, resulting from, or arising out of an event of an extraordinary and/or catastrophic nature, is not accepted by the Consorcio because of failure to comply with any of the conditions and stipulations contained in the Reglamento y Disposiciones Complementarias in force at the time of the event as well as those occurring within the payment free period specified by such authority;

regardless of conditions of or delays in payment by the Consorcio, the government of Spain, or any public authority in Spain or any Spanish territory.

9. If any jurisdiction enacts legislation, promulgates rules or regulations, or establishes an insurance or reinsurance pool similar to those described in sub-paragraphs H. 1. through 8. above, this Coverage Form will not cover loss, damage, cost or expense caused by, resulting from, arising out of, or attributable to any event in those jurisdictions that falls within the parameters of such legislation, rules, regulations, or pools.

VI. LOSS ADJUSTMENT AND SETTLEMENT

A. LOSS ADJUSTMENT/PAYABLE

Loss, if any, will be adjusted with and payable to the First Named Insured or as may be directed by the First Named Insured. Additional insured interests will also be included in loss payment as their interests may appear when named as additional named insured, lender, mortgagee and/or loss payee in endorsements to this Coverage Form or as set forth in sub-paragraph **B. LENDERS LOSS PAYEE AND MORTGAGEE INTERESTS AND OBLIGATIONS** or sub-paragraph **A. ADDITIONAL INSURABLE INTERESTS** of section **VIII. GENERAL CONDITIONS** below.

B. LENDERS LOSS PAYEE AND MORTGAGEE INTERESTS AND OBLIGATIONS

1. The Company will pay for loss to specified Covered Property to each Lender Loss Payee specified in an endorsement to this Coverage Form as its interest may appear, and to each Mortgagee specified in an endorsement to this Coverage Form as its interest may appear, under all present or future mortgages upon such property, in order of precedence of the mortgages. A "Lender Loss Payee" (hereinafter referred to as Lender) is a creditor of an Insured, whose interest in Covered Property is established by such written instruments as warehouse receipts, contracts for deed, contracts for sale, bills of lading, financing statements, deeds of trust, or security agreements. A "Mortgagee" is a mortgage holder whose interest in Covered Property is established by a written mortgage. Lenders and Mortgagees are not Insureds, and have only the rights and obligations under this Coverage Form that are set forth in this paragraph **B. LENDERS LOSS PAYEE AND MORTGAGEE INTERESTS AND OBLIGATIONS**.

2. The interest of such Lender or Mortgagee (as the case may be) in property insured under this Coverage Form will not be invalidated by:

- a. any act or neglect of the debtor, mortgagor, or owner (as the case may be) of the property.
- b. foreclosure, notice of sale, or similar proceedings with respect to the property.
- c. change in the title or ownership of the property.
- d. change to a more hazardous occupancy.

Such Lender or Mortgagee will notify the Company of any known change in ownership, occupancy, or hazard and, within 10 days of written request by the Company, may pay the increased premium associated with such known change. If such Lender or Mortgagee fails to timely pay the increased premium, all coverage under this Coverage Form will cease.

3. If the policy of which this Coverage Form is a part is cancelled at the request of the First Named Insured or its agent, at the same time, the First Named Insured must notify the Company of the identities and mailing addresses of all Lenders and Mortgagees. Coverage for the interest of such Lenders and Mortgagees will terminate 10 days after the Company sends to the Lender or Mortgagee written notice of cancellation, unless:
 - a. sooner terminated by authorization, consent, approval, acceptance, or ratification of the First Named Insured's action by the Lender or Mortgagee, or its agent.
 - b. this Coverage Form is replaced by the First Named Insured, with a coverage form or policy providing coverage for the interest of the Lender or Mortgagee, in which event coverage under this Coverage Form with respect to such interest will terminate as of the effective date of the replacement coverage form or policy, notwithstanding any other provision of this Coverage Form.

4. With regard to Lenders and Mortgagees specified in endorsements to this Coverage Form as set forth in sub-paragraph 1. above or whose name and mailing address has been provided to the Company prior to the inception of the Policy Period, the Company may cancel the policy of which this Coverage Form is a part and/or the interest of such Lender or Mortgagee under this Coverage Form, by giving such Lender or Mortgagee written notice 60 days prior to the effective date of cancellation, if cancellation is for any reason other than nonpayment.

If the debtor, mortgagor, or owner has failed to pay any premium due under the policy of which this Coverage Form is a part, the Company may cancel such policy for such non-payment, but will give such Lender or Mortgagee written notice 10 days prior to the effective date of cancellation. If such Lender or Mortgagee fails to pay the premium due by the specified cancellation date, all coverage under such policy, including without limitation this Coverage Form, will cease.

If a Lender or Mortgagee is not identified to the Company by name and mailing address at the inception of the Policy Period or in an endorsement to this Coverage Form, then the Company will not have any obligation to notify such Lender or Mortgagee of cancellation of the policy of which this Coverage Form is a part under this sub-paragraph and will not be liable to any person or entity for not giving such notice of cancellation.

5. The Company has the right to invoke section **IV. BOILER AND MACHINERY COVERAGE, G. ADDITIONAL CONDITIONS, 1. Suspension**. The suspension of insurance will apply to the interest of the Lender or Mortgagee in any machine, vessel, or part of any machine or vessel, subject to the suspension. The Company will provide the Lender or Mortgagee, at its last known address, with a copy of the suspension notice.
6. If the Company pays the Lender or Mortgagee for any loss, and denies payment to the debtor, mortgagor or owner, the Company will, to the extent of the payment made to the Lender or Mortgagee, be subrogated to the rights of the Lender or Mortgagee under all securities held as collateral to the debt or mortgage. No subrogation will impair the right of the Lender or Mortgagee to sue or recover the full amount of its claim. At its option, the Company may pay to the Lender or Mortgagee the whole principal due on the debt or mortgage plus any accrued interest. In this event, all rights and securities will be assigned and transferred from the Lender or Mortgagee to the Company, and the remaining debt or mortgage will be paid to the Company.
7. If the Insured fails to render proof of loss, the Lender or Mortgagee, upon notice of the Insured's failure to do so, will render proof of loss within 60 days of notice and will be subject to the provisions of this Coverage Form relating to **APPRAISAL, SETTLEMENT OF CLAIMS, and SUIT AGAINST THE COMPANY**.
8. Other provisions relating to the interests and obligations of the Lender or Mortgagee may be added to this Coverage Form by endorsement.

C. CURRENCY FOR LOSS PAYMENT AND CURRENCY CONVERSION

1. Losses will be adjusted and paid in the currency of the United States of America. In no event will the Company pay more than the applicable Limit of Liability or Sub-limit of Liability.
2. In the event of a loss adjustment involving currency conversion, the foreign exchange selling rate used for the purposes of application of deductibles and application of limits and sub-limits of insurance will be that foreign exchange selling rate published in the Wall Street Journal on the date of the loss. The foreign exchange selling rate used for settlement of loss will be that foreign exchange selling rate published in the Wall Street Journal on the date that the applicable partial or final settlement payment is issued.
3. If the loss adjustment of any **PROPERTY DAMAGE** loss (including **BOILER AND MACHINERY LOSS** and **FOREIGN LOSS**), or any part thereof, is based upon the cost of replacement or

reconditioning and involves currency conversion, the foreign exchange selling rate published in the Wall Street Journal on the date the replacement or reconditioning cost is incurred will apply.

4. In the event of a **TIME ELEMENT** loss adjustment (including **BOILER AND MACHINERY LOSS** and **FOREIGN LOSS**) involving currency conversion, the foreign exchange selling rate used for adjustment of loss will be the average of those foreign exchange selling rate published in the Wall Street Journal during each thirty (30) consecutive day period that the actual loss is incurred.
5. With respect to sub-paragraphs **2.-4.** above, if the foreign exchange selling rate was not published on the stipulated date the prior most recently published date issue will be used.

For purposes of this paragraph, "loss adjustment" means the calculation of the amounts of loss and the application of the Limit of Liability, Sub-Limits of Liability, Aggregate Limits of Liability, and Deductibles.

D. VALUATION

1. In the event of loss, the basis of adjustment will be as follows, for no more than the interest of the Insured:
 - a. On Stock in process, the value of raw materials and labor expended plus the proper proportion of overhead charges.
 - b. On finished goods manufactured by the Insured, the regular cash selling price at the Insured Location where the loss happens, less all discounts and charges to which the finished goods would have been subject had no loss happened.
 - c. On raw materials, supplies and other merchandise not manufactured by the Insured:
 - (1) if repaired or replaced, the actual expenditure incurred in repairing or replacing the damaged or destroyed property; or
 - (2) if not repaired or replaced, the Actual Cash Value.
 - d. On exposed film, records, manuscripts and drawings that are not Valuable Papers and Records, the cost of blank materials plus the cost of copying information from back-up or from originals of a previous generation. These costs will not include research, engineering or any costs of restoring or recreating lost information.
 - e. On Fine Arts articles, the lesser of:
 - (1) the reasonable and necessary cost to repair or restore such property to the physical condition that existed on the date of loss;
 - (2) the cost to replace the article; or
 - (3) \$500 or the stated value of the article if shown on the Schedule of Insured Locations.

If a Fine Arts article is part of a pair or set, and a physically damaged article cannot be replaced, or cannot be repaired or restored to the condition that existed immediately prior to the loss, the Company will be liable for the lesser of the full value of such pair or set or the amount designated on the schedule. The Insured will surrender the pair or set to the Company.
 - f. On Valuable Papers and Records, the lesser of the following:

- (1) the cost to repair or restore the Valuable Paper and Record to the condition that existed immediately prior to the loss.
- (2) the cost to replace the Valuable Paper and Record.
- (3) the amount, if any, designated for the Valuable Paper and Record on the Schedule of Insured Locations.

g. On property in transit:

- (1) property shipped to or for the account of the Insured will be valued at actual invoice to the Insured, together with such costs and charges as may have accrued and become legally due thereon. Charges may include the Insured's commission as selling agent.
- (2) property sold by the Insured and shipped to or for the purchaser's account (if covered hereunder) will be valued at the Insured's selling invoice amount, including prepaid or advanced freight costs.
- (3) property not under invoice will be valued:
 - (A) for property of the Insured, in accordance with the valuation provisions of this Coverage Form applying at the location from which the property is being transported; or
 - (B) for other property, at the actual cash market value at the destination point on the date of the loss;

less any charges saved which would have become due and payable upon delivery at destination.

h. On leasehold improvements and betterments:

- (1) if repaired or replaced at the expense of the Insured within a reasonable time after such loss, the actual cash value of the damaged improvements and betterments;
- (2) if not repaired or replaced within a reasonable time after such loss, that proportion of the original cost at time of installation of the damaged improvements and betterments which the unexpired term of the lease bears to the period(s) from the date(s) such improvements and betterments were made to expiration date of the lease;
- (3) if repaired or replaced at the expense of others for the use of the Insured, there will be no liability hereunder.

i. On Electronic Data or Electronic Media, the cost of the blank media plus the costs of copying or restoring Electronic Data from back-up or from originals of a previous generation, not including research and engineering or the costs and expense of recreating, gathering, or assembling such Electronic Data.

However, this Coverage Form does not insure any amount pertaining to the value of such Electronic Data or Electronic Media to the Insured or any other party, even if such Electronic Data cannot be recreated, gathered, or assembled. If not repaired, replaced, or restored, Electronic Media will be valued at the cost of the blank media.

j. On patterns, molds and dies, machinery, and equipment, the replacement cost if replacement cost values have been reported to the Company in the Schedule of Locations and if actually replaced; otherwise, at Actual Cash Value.

- k. (1) On all other property, the loss amount will not exceed the lesser of the following:
- (A) the cost to repair;
 - (B) the cost to rebuild or replace on the same site with new materials of like size, kind and quality;
 - (C) if unplanned at the time of the loss, the cost in rebuilding, repairing or replacing on the same or another site, but:
 - i. not to exceed the size and operating capacity that existed on the date of loss; and
 - ii. if rebuilt, repaired or replaced on another site, not to include the cost of compliance with applicable law, code, rule or regulation that would not be incurred if rebuilt, repaired or replaced on the same site (including, but not limited to, the cost of demolition of the damaged or destroyed property and other costs necessary to make the site of the damaged or destroyed property safe or non-hazardous); and
 - iii. not to include any cost resulting from the Insured's inability to rebuild, restore or re-use damaged Covered Property to like kind and quality, height, area, and/or occupancy because of the application or enforcement of any law, rule, regulation, ordinance, code, governmental directive, standard, or legal or administrative restriction of any kind regulating the construction, repair, use, or occupancy of property.
 - (D) the selling price of real property or machinery and equipment, other than stock, offered for sale on the date of loss;
 - (E) the cost to replace irreparable electrical or mechanical equipment, including computer equipment, with equipment that is the most functionally equivalent to that damaged or destroyed, even if such equipment has technological advantages and/or represents an improvement in function and/or forms part of a program of system enhancement;
 - (F) the increased cost of demolition, if any, resulting from loss covered by this Coverage Form, if such property is scheduled for demolition;
 - (G) the unamortized value of improvements and betterments, if such property is not repaired or replaced at the Insured's expense; or
 - (H) the Actual Cash Value, if such property is:
 - i. useless to the Insured; or
 - ii. not repaired, replaced or rebuilt on the same or another site within two (2) years from the date of loss.

2. Coinsurance

The Company will not pay the full amount of any covered loss if the value of the affected Covered Property, as determined by the Company at the time of the loss, exceeds the value reported to the Company pursuant to section **VIII. GENERAL CONDITIONS, K. REPORTING OF VALUES**. Instead, the amount of loss payable will be determined by multiplying the loss by the ratio of the reported value to the replacement value, as determined by the Company at the time of loss. In no event will the Company pay more than the actual value of the loss.

This provision does not apply if such ratio is 95% or greater, subject to the applicable Limit of Liability or Sub-Limit of Liability shown on the Declarations.

3. With respect to a Breakdown to Covered Equipment, liability for loss to any catalyst will not exceed the Actual Cash Value thereof at the time of loss.
4. Any Deductible shown as a percentage in item VII. DEDUCTIBLES of the Declarations will be applied to the value of the Covered Property (including foundations) at the Insured Location where the physical loss or damage occurred at the time of loss or damage to which this insurance applies. This provision applies to loss or damage covered under section II. **PROPERTY DAMAGE** and/or III. **TIME ELEMENT**.

VII. LOSS CONDITIONS

A. ABANDONMENT

There can be no abandonment of any property to the Company.

B. APPRAISAL

If the Company and the Insured disagree on the value of the property or the amount of loss, within sixty (60) days after receipt of proof of loss by the Company, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will then select an umpire. If they cannot agree on an umpire after fifteen (15) days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the Covered Property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will pay its chosen appraiser and its own costs and expenses; and bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, the Company will still retain its right to deny the claim.

C. COINSURANCE – Time Element

If a Coinsurance Percentage greater than 0% is shown in item VIII. COINSURANCE of the Declarations ("Coinsurance Percentage"), the following condition applies:

1. The Company will not pay the full amount of any loss otherwise covered under section III. **TIME ELEMENT** if the Sub-limit of Insurance for the applicable **TIME ELEMENT COVERAGE** or **TIME ELEMENT COVERAGE EXTENSION** is less than:
 - a. The Coinsurance Percentage; times
 - b. The sum of:
 - (1) The Net Income (net profit or loss before income taxes), and
 - (2) Operating expenses, including payroll expenses, that would have been earned or incurred (had no loss occurred) by the Insured's operations at the Insured Location for the 12 months following the inception, or last previous anniversary date, of the policy of which this Coverage Form is a part (whichever is later).

Instead, the Company will determine the most it will pay using the following steps:

- Step 1:** Multiply the Net Income and operating expense for the twelve (12) months following the inception, or last previous anniversary date, of this Coverage Form by the Coinsurance Percentage;

Step 2: Divide the applicable Limit of Insurance or Sub-limit of Insurance by the figure determined in **Step 1**; and

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

The Company will pay the amount determined in **Step 3** or the applicable Limit of Insurance or Sub-limit of Insurance, whichever is less. For the remainder, the Insured will either have to rely on other insurance or absorb the loss itself.

Example No. 1 (Underinsurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of the Coverage Form would have been: \$400,000

The Coinsurance Percentage is: 50%

The applicable Sub-limit of Insurance is: \$80,000

The amount of loss is: \$150,000

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

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

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

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

Example No. 2 (Adequate Insurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of the policy of which this Coverage Form is a part would have been: \$400,000

The Coinsurance Percentage is: 50%

The applicable Sub-limit of Insurance is: \$200,000

The amount of loss is: \$80,000

The minimum amount of insurance to meet the Coinsurance requirement is \$200,000 (\$400,000 x 50%). Therefore, the Sub-limit of Insurance in this example is adequate and no penalty applies. The Company will pay no more than \$80,000 (amount of loss).

2. In determining operating expenses for the purpose of applying this **COINSURANCE - Time Element** condition, the following expenses, if applicable, will be deducted from the total of all operating expenses:

- a. Prepaid freight – outgoing;
- b. Returns and allowances;
- c. Discounts;
- d. Bad debts;

- e. Collection expenses;
- f. Cost of raw stock and factory supplies consumed (including transportation charges);
- g. Cost of merchandise sold (including transportation charges);
- h. Cost of other supplies consumed (including transportation charges);
- i. Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
- j. Power, heat and refrigeration expenses that do not continue under contract;
- k. All ordinary payroll expenses or the amount of payroll expense excluded; and
- l. Special deductions for mining properties (Commissions, Profits, and Royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion, but not percentage depletion; welfare and retirement fund charges based on tonnage; and hired trucks).

3. This **COINSURANCE - Time Element** condition does not apply to **Extra Expense** Coverage.

D. COMPANY OPTION

The Company has 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 so to do within sixty (60) days after receipt of the proof of loss herein required.

E. CONTROL OF DAMAGED PROPERTY; BRANDS AND LABELS

1. The Company, exercising a reasonable discretion, will be the sole judge as to whether the goods involved in any loss under this Coverage Form are fit for normal intended use or consumption. Goods deemed by the Company to be unfit for normal intended use or consumption will not be sold or otherwise disposed of except by the Company or with the Company's consent. The Company will have full right to the possession of all goods involved in any loss under this Coverage Form and will retain control of all damaged goods.
2. With regard to branded or labeled Covered Property, the Insured may, at the Insured's expense:
 - a. stamp "salvage" on the property or its containers; or
 - b. remove or obliterate the brands or labels;

if doing so will not damage the property. In either event, the Insured must re-label such property or its containers in compliance with any applicable law.
3. Any salvage proceeds received will go to the:
 - a. Company, if received at or after the time of final loss settlement; or
 - b. Insured, if received prior to the time of final loss settlement, and such proceeds will reduce the amount of loss payable under this Coverage Form.

F. FOREIGN LOSS CONDITIONS

The following conditions apply only to a Foreign Loss under section **V. FOREIGN LOSS** above, in addition to the conditions and limitations provided elsewhere in this Coverage Form, which apply as if any Foreign Entity was insured under this Coverage Form:

1. The First Named Insured must give the Company prompt written notice of a Foreign Loss in accordance with the provisions of sub-paragraph **A.1.** above regarding notice of a loss:
2. If a Foreign Entity Claim is made by a Foreign Entity against the First Named Insured for a Foreign Loss, the First Named Insured must give the Company prompt written notice of the Foreign Entity Claim in accordance with the provisions of sub-paragraph **A.1.** above regarding notice of a loss.
3. Matters known by the Foreign Entity shall be deemed known by the First Named Insured.
4. The First Named Insured will, when directed by the Company:
 - a. retain in its own name, but at the Company's expense, a loss adjusting expert ("loss adjuster") authorized to adjust losses in the jurisdiction in which the Foreign Loss occurred and approved by the Company;
 - b. where permitted by applicable law, grant the Company the full right to collaborate with such loss adjuster;
 - c. grant the Company full access to any records produced by such loss adjuster; and
 - d. obtain the right to control the investigation, adjustment, and settlement of the Foreign Loss, including any access to books, records, bills invoices, vouchers and other information, and, if requested by the Company, assign that right to the Company.
5. The First Named Insured will ensure that the Foreign Entity or Insured Entity will enforce any right to recovery from any third party in respect of the Foreign Loss or assign to the First Named Insured any cause of action that the Foreign Entity or Insured Entity may have against any third party arising out of the facts and circumstances which gave rise to the Foreign Loss. The First Named Insured will pay to the Company an amount equal to any such recovery made by the Foreign Entity or Insured Entity that corresponds to the Foreign Loss payable or paid by the Company to the First Named Insured.
6. With respect to any Foreign Loss, payment to the First Named Insured will, to the extent of payment and in all circumstances, discharge the Company from any liability or alleged liability to any other person or Entity, whether or not named as an Insured in this Coverage Form.

G. PARTIAL PAYMENT OF LOSS SETTLEMENT

In the event of a loss occurring which has been ascertained to be insured loss or damage under this Coverage Form and determined by the Company to be in excess of the applicable Policy Deductible, the Company will advance mutually agreed upon partial payment(s) for the insured loss or damage, subject to this Coverage Form's provisions. To obtain such partial payments, the Insured will submit a signed and sworn Proof of Loss as set forth in paragraph **H. REQUIREMENTS IN CASE OF LOSS** below.

H. REQUIREMENTS IN CASE OF LOSS

1. The Insured will:

- a. give written notice to the Company as soon as reasonably practicable of any loss or damage to Covered Property. Include a description of the property involved. Such notice must be sent in accordance with the directions on the **NOTIFICATION OF CLAIMS** attached to this Coverage Form.
- b. take all reasonable steps to protect the property from further loss or damage, and keep a record of expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the applicable Limit of Insurance or Sub-limit of Insurance. However, the Company will not pay for any subsequent loss or damage resulting from a cause of loss that is not insured hereunder.
- c. promptly separate the damaged and undamaged property; put it in the best possible order; and furnish a complete inventory of the lost, destroyed, damaged and undamaged property showing in detail the quantities, costs, Actual Cash Value, replacement value and amount of loss claimed.
- d. give a signed and sworn proof of loss to the Company within 60 days after the loss on forms to be provided by the Company, unless that time is extended in writing by the Company. The proof of loss must state the knowledge and belief of the Insured as to:
 - (1) the time and origin of the loss.
 - (2) the Insured's interest and that of all others in the property.
 - (3) the Actual Cash Value and replacement value of each item and the amount of loss to each item; all encumbrances; and all other contracts of insurance, whether valid or not, covering any of the property.
 - (4) any changes in the title, use, occupation, location, possession, or exposures of the property since the effective date of this Coverage Form.
 - (5) by whom and for what purpose any Insured Location was occupied on the date of loss, and whether or not it then stood on leased ground.
- e. include a copy of all the descriptions and schedules in all policies and, if required, provide verified plans and specifications of any buildings, fixtures, machinery or equipment destroyed or damaged.
- f. further, the Insured, will as often as may be reasonably required:
 - (1) exhibit to any person designated by the Company all that remains of any property;
 - (2) submit to examination under oath by any person designated by the Company, while not in the presence of any other Insured, about any matter relating to this insurance or the claim, and sign the written records of examinations; and
 - (3) produce for examination at the request of the Company:
 - (A) all books of accounts, business records, bills, invoices and other vouchers; or
 - (B) certified copies if originals are lost;
 - (4) take samples of damaged and undamaged property for inspection, testing and analysis, and permit the Company to make copies from the Insured's books and records;

at such reasonable times and places that may be designated by the Company or its representative and permit extracts and machine copies to be made;

- g. notify the police if a law may have been broken; and
- h. cooperate with the Company in the investigation or settlement of the claim.

I. SALVAGE, RECOVERY, AND COLLECTION FROM OTHERS

All salvages, recoveries, and payments, excluding proceeds from subrogation and other insurance, recovered or received by the Insured prior to a final loss settlement under this Coverage Form, will reduce the loss accordingly. If recovered or received after a final loss settlement under this Coverage Form, the amounts recovered will go to the Company. The Company will not be liable for any loss to the extent that the Insured has collected for such loss from others.

J. SETTLEMENT OF CLAIMS

The amount of loss for which the Company is liable will be paid within 60 days after:

1. sworn proof of loss as described in this Coverage Form is received by the Company and the Insured has complied with all of the terms and conditions of this Coverage Form; and
2. when a resolution of the amount of loss is made either by written agreement between the Insured and the Company or the filing with the Company of an award as provided in paragraph **B. APPRAISAL** above.

K. SUBROGATION

1. If any person or organization to or for whom the Company makes payment under this Coverage Form has rights to recover damages from another, those rights are transferred to the Company to the extent of such payment. That person or organization must do everything necessary to secure the Company's rights and must do nothing after loss to impair them. But the Insured may waive its rights against another party in writing:
 - a. prior to a loss to the Insured's property covered hereunder; or
 - b. after a loss to such property only if, at time of loss, that other party is one of the following:
 - (1) someone insured by this insurance;
 - (2) a business firm:
 - (A) owned or controlled by such Insured, or
 - (B) that owns or controls such Insured; or
 - (3) Such Insured's tenant.
2. The Insured is required to cooperate in any subrogation proceedings.
3. Any recovery from subrogation proceedings, less costs incurred by the Company in such proceedings, will be payable to the Insured in the proportion that the amount of any applicable Deductible or any provable uninsured loss bears to the entire provable loss amount.

L. SUIT AGAINST THE COMPANY

No suit, action, or proceeding for the recovery of any claim under this Coverage Form will be sustainable in any court unless the Insured has fully complied with all the provisions of this Coverage Form; and legal action is started within twenty-four (24) consecutive calendar months after inception of the loss.

If, under the applicable insurance laws, such 24 months' limitation is invalid, then any such legal action must be started within the shortest limit of time permitted by such laws.

VIII. GENERAL CONDITIONS

A. ADDITIONAL INSURABLE INTERESTS

1. Additional Insureds and Loss Payees do not have the same rights and obligations under this Coverage Form as the First Named Insured or a Named Insured, and this provision does not confer any such rights or obligations on Additional Insureds or Loss Payees. The term "Additional Insureds and Loss Payees" means persons or entities, other than the First Named Insured or any other Named Insured, to whom money or insurance proceeds is to be paid for a covered loss under this Coverage Form. An Additional Insured and Loss Payee is not an Insured.
2. This paragraph **A. ADDITIONAL INSURABLE INTERESTS** does not apply to contractual requirements to add persons or entities as Named Insureds, additional Named Insureds, or Insureds. Such Named Insureds, additional Named Insureds, and Insureds can only be added to this Coverage Form by separate written endorsement.
3. If, pursuant to a written contract or agreement executed prior to the date of the loss in question, any Named Insured is required to add a person or Entity to this Coverage Form as an Additional Insured and Loss Payee, then this Coverage Form will be deemed to have been endorsed accordingly, subject to all other terms, conditions, limits of liability and exclusions of this Coverage Form, and loss to Covered Property in which such Additional Insured and Loss Payee has an interest will be adjusted with the First Named Insured and payable jointly to the First Named Insured (or as directed by the First Named Insured) and such Additional Insured and Loss Payee. No written endorsement to this Coverage Form will be required in order for this provision to be effective as to such person or Entity subject to compliance with sub-paragraph 4. below.
4. Within ten (10) business days after a loss which may be covered under this Coverage Form, the First Named Insured or its authorized representative will:
 - a. provide the Company with the identities of all persons or entities with interests in the property that is the subject of the loss; and
 - b. provide the Company with copies of all contracts (predating the date of loss) requiring that such persons or entities be added to this Coverage Form as Additional Insureds and Loss Payees.
5. If the First Named Insured or its authorized representative fails to comply with sub-paragraph 4. above, the Company will assume that there are no such persons or entities, and:
 - a. the Company will not be liable for any failure to take such person or entity's interest into account in the adjustment or payment of any loss; and
 - b. if a claim is made or legal proceedings brought against the Company arising out of the failure to take such person or entity into account in the adjustment or payment of any loss, the First Named Insured will indemnify and defend the Company and hold it harmless from such claim or legal proceedings.
6. Providing the Company with copies of any and all contracts requiring addition of a person or entity as an Additional Insured or Loss Payee, or with bordereaux listings of all such persons and entities, at any time before, on, or after the date of a loss will not constitute compliance with sub-paragraph 4. above.

7. This paragraph **A. ADDITIONAL INSURABLE INTERESTS** does not apply to the extent that trade or economic sanctions or other laws or regulations prohibit the Company from providing insurance or insurance benefits or proceeds to such persons or entities, including, but not limited to, the payment of claims.

B. CURRENCY

All amounts, including Deductibles, premiums and limits and sub-limits of liability, indicated in this Coverage Form are in United States dollars.

C. HEADERS AND TITLES; PLURAL AND SINGULAR

The headers and titles in this Coverage Form are only for reference. The headers and titles do not in any way affect the provisions of this Coverage Form. The plural of a word includes the singular, and vice versa.

D. INSPECTIONS

1. The Company has the right to make inspections and surveys at any time; give the Insured reports on the conditions that the Company finds; and recommend changes; either by itself or through its designee.
2. The Company is not obligated to make any inspections, surveys, reports or recommendations and any such actions that the Company does undertake relate only to insurability and the premiums to be charged. The Company does not make safety inspections. The Company does not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. The Company does not warrant that conditions are safe or healthful, or comply with laws, regulations, codes or standards.
3. Sub-paragraphs 1. and 2. of this paragraph apply not only to the Company, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Sub-paragraph 2. of this paragraph does not apply to any inspections, surveys, reports or recommendations that the Company may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.
5. When the Company is not providing jurisdictional inspections, the owner and/or operator has the responsibility to assure that jurisdictional inspections are performed as required, and to assure that required jurisdictional Operating Certificates are current for their pressure equipment.
6. The Company has no obligation to provide the Insured with copies of inspections, surveys, reports or recommendations unless otherwise agreed.

E. NO THIRD PARTY LIABILITY OR BENEFICIARIES

This Coverage Form is issued solely for the benefit of the Named Insured. No other person or Entity shall have any rights or benefits under this Coverage Form unless specifically provided herein, nor shall any such person or Entity have the right to enforce any Coverage Form provisions.

F. NOTICES AND COMMUNICATIONS

Unless specifically provided for in this Coverage Form, all notices or communications will be in writing and shall be given by a commercial courier service; registered, certified, or first class mail; telex; telecopy; or facsimile; to the address shown in the Declarations. The Company or the First Named Insured may change their respective representative and address to which such notices and communications will be sent.

G. NOT PROOF OF INSURANCE

Neither this Coverage Form nor the policy of which this Coverage Form is a part will serve as proof of insurance outside of the United States of America (including the District of Columbia) and the United States Virgin Islands.

H. OTHER INSURANCE

1. Except as set forth in sub-paragraph 2. of **SECTION I. PROVISIONS APPLICABLE TO ALL COVERAGES, F. How This Coverage Form Applies**, if there is other insurance that is identified in the Schedule of Insured Locations and covers the same loss or damage as this Coverage Form, the Company will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether collectible or not. But the Company will not pay more than the applicable Limit of Liability or Sub-limit of Liability.
2. In no event will this Coverage Form apply as contributing insurance.
3. The Insured is permitted to purchase insurance in excess of the Occurrence Limit or Sub-limits of Liability shown in item VI.A. LIMIT OF LIABILITY or item VI.B. SUB-LIMITS OF LIABILITY of the Declarations or shown elsewhere in this Coverage Form, without prejudice to recovery under this Coverage Form. The existence of any such excess insurance will not reduce any Limit of Liability or Sub-limit of Liability in this Coverage Form. Such excess insurance will not be considered other insurance for the purposes of this **OTHER INSURANCE** provision. Any other insurance that would have provided Primary coverage in the absence of this Coverage Form will not be considered to be excess insurance.
4. The Insured is permitted to have other insurance for all, or any part, of any Deductible in this Coverage Form. The existence of such other insurance will not prejudice recovery under this Coverage Form. If the limits of liability of such other insurance are greater than this Coverage Form's applicable Deductible, this Coverage Form's insurance will apply only after such other insurance has been exhausted.
5.
 - a. The Insured is permitted to purchase Local Admitted Policies against any or all of the perils insured against by this Coverage Form and in compliance with the laws, regulations and customs of the jurisdiction in which the property is located. The existence of such Local Admitted Policies will not prejudice or affect any recovery otherwise payable under this Coverage Form. Such Local Admitted Policies will be considered only as duplicate insurance; and any coverages provided in the Local Admitted Policies that are not provided in this Coverage Form are not intended to, and do not, extend to this Coverage Form. This Coverage Form will apply as set forth in **SECTION I. PROVISIONS APPLICABLE TO ALL COVERAGES, F. How This Coverage Form Applies**, sub-paragraph 2.
 - b. The First Named Insured must maintain all Local Admitted Policies that are in effect at the inception of this Coverage Form in full force and effect during the Policy Period, except for the reduction or exhaustion of any aggregate limit in any such Local Admitted Policy by losses paid thereunder. If the Local Admitted Policies are not so maintained, the Company will not be liable under this Coverage Form to a greater extent than it would have been liable had such Local Admitted Policies been so maintained.
6. Notwithstanding sub-paragraph 2. above, if this Coverage Form is required to contribute with other insurance, the following will apply:
 - a. the Limit of Liability or Sub-limit of Liability applicable to each coverage, additional coverage, or Insured Location will be the limits or sub-limits of liability shown in item VI.A. LIMIT OF LIABILITY or item VI.B. SUB-LIMITS OF LIABILITY of the Declarations or shown elsewhere in this Coverage Form, and only for purposes of such contribution with other insurers. Each

b. Subject to sub-paragraph **a.** above, in no event will the Company contribute more than its equal share of any covered loss based upon the number of contributing insurers.

I. COVERAGE FORM MODIFICATION/CERTIFICATES OF INSURANCE

2. Any certificate of insurance issued in connection with this Coverage Form, whether by or on behalf of the Company or an Insured, will be issued solely as a matter of convenience or information of the addressee(s) or holder(s) of such certificate of insurance. A certificate of insurance does not confer any rights upon any person or entity, nor alter any term or condition of this Coverage Form.

Claims paid under this Coverage Form will not reduce the Limit of Liability applicable Per Occurrence shown in item VI.A. of the Declarations, except that claims paid will reduce any Term Aggregate Sub-limit of Liability shown in item VI.B. of the Declarations and the **Aggregate Limits of Liability** described in section I. **PROVISIONS APPLICABLE TO ALL COVERAGES, C. LIMITS OF LIABILITY AND SUB-LIMITS OF LIABILITY, 4. Aggregate Limits of Liability.**

Subject to the **Errors and Omissions** Additional Coverage, at or prior to the inception of this Coverage Form and as necessary during the Policy Period, the First Named Insured will provide the Company with a schedule of the then-current values for all Insured Locations, including, but not limited to, buildings and structures, contents, and Time Element values. Values will be reported separately for each Insured Location.

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L. SEVERABILITY

If any provision of this Coverage Form is found to be invalid, illegal, or unenforceable in any way by a court of competent jurisdiction or any authority with the legal right to so rule, the rest of this Coverage Form will continue to be in full force and effect, so long as the economic or legal substance of this Coverage Form is not materially affected in any manner adverse to the Company or the Insured. If any provision is so found to be invalid, illegal or unenforceable, the Company and the First Named Insured will negotiate in good faith to modify this Coverage Form so as to effect the original intent as closely as possible.

IX. DEFINITIONS

The following terms have the following meanings.

A. "Act of Terrorism" means any act against persons, organizations or property of any nature:

1. That involves the following or preparation for the following:

- a. Use or threat of force or violence; or
- b. Commission or threat of a dangerous act; or
- c. Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and

2. When one or both of the following applies:

- a. The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
- b. It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

"Act of Terrorism" includes any incident determined to be such by an official, department or agency that has been specifically authorized by federal law to make such a determination.

B. "Actual Cash Value" means the amount it would cost to repair or replace Covered Property, on the date of loss, with material of like kind and quality, with proper deduction for obsolescence and economic and physical depreciation.

C. "Actual Loss Sustained" means:

1. The amount the Insured fails to earn because of business interruption resulting from physical injury or damage of the type insured by this Coverage Form to Covered Property, adjusted for any fixed charges and expenses the business failed to incur but would have incurred if there had been no such injury or damage, including but not limited to:

- a. Salaries and wages of officers, executives, employees under contract and other essential employees, as well as pensions and directors' fees, but not Ordinary Payroll (unless shown in the Schedule of Insured Locations for the affected Insured Location); and
- b. Manufacturing, selling, administrative expenses and any other items contributing to the Insured's overhead expenses.

In calculating the Actual Loss Sustained, the Company will take into account the actual experience of the business before such injury or damage and the probable experience the Insured would have had without such injury or damage.

- D. "Affiliate" means one or more persons or entities that directly or indirectly controls and/or owns, is controlled and/or owned by, and/or is under common control and/or ownership with, the person or entity specified.
- E. "Affiliated or Non-Affiliated Company" or "Affiliated or Non-Affiliated Companies" means the Company's "Affiliates" and any insurer that is not affiliated with the Company that issues to the First Named Insured or the First Named Insured's Affiliates one or more Local Admitted Policies at the request of the Company or its Affiliate.
- F. "Average Daily Time Element Value" means the actual amount of Gross Earnings, less charges and expenses which do not necessarily continue during the interruption of business, that would have been earned had no loss or damage occurred during the period of interruption of the business, divided by the number of working days, with due consideration being given to the experience of the business before the date of loss or damage and the probable experience thereafter had no loss occurred.
- G. "Breakdown":
 - 1. means the following direct physical loss that causes damage to Covered Equipment and necessitates its repair or replacement:
 - a. failure of pressure or vacuum equipment;
 - b. mechanical failure, including rupture or bursting caused by centrifugal force; and
 - c. electrical failure, including arcing;

unless such loss or damage is otherwise excluded within section **IV. BOILER AND MACHINERY COVERAGE**.

- 2. does not mean or include:
 - a. cracking of any part on an internal combustion gas turbine exposed to the products of combustion;
 - b. damage to any structure or foundation supporting the Covered Equipment or any of its parts;
 - c. damage to any vacuum tube, gas tube or brush;
 - d. defects, erasures, errors, limitations or Computer Viruses in Computers or Computer programs;
 - e. destruction, disruption, distortion or corruption of Electronic Data or Computer programs, coding, programs or software;
 - f. functioning of any safety or protective devices;
 - g. leakage at any valve, fitting, shaft seal, gland packing, joint or connection; or
 - h. malfunction, including, but not limited to, adjustment, alignment, calibrations, cleaning or modification.

- H. "Commissions" means the income that would have been received by the Insured from the sale of goods not owned by the Insured.
- I. "Computer" or "Computers" means any computers and includes, without limitation, mainframes, servers (but not Electronic Data stored therein or hereon), workstations, desktop and portable computers, personal information managers, wide and local area network hardware, electronic and electromechanical equipment, electronic controls for machinery, electronically programmed memory chips and electronically controlled communication equipment.
- J. "Computer Virus" means instructions, code, data, applications, malware, adware, or any software program that has the ability or is suspected to have the ability to damage, destroy, erase, corrupt, alter, or prevent access to, or affect the functionality of, Electronic Data, Electronic Media or Computers or to disrupt or interfere with the operations or functionality of Computers. "Computer Virus" includes, without limitation, any destructive program, computer code, worm, logic bomb, denial of service attack, smurf attack, vandalism, Trojan Horse, or any other data introduced into any electronic system that causes deletion, failure, malfunction, fault, deficiency, or corruption of Electronic Data, Electronic Media or Computers.
- K. "Contingent Time Element Location" means a location of a direct supplier of goods or services to the Insured, direct recipient of goods or services from the Insured, or Leader Property. "Contingent Time Element Location" does not include locations of any company supplying to, or receiving from, the Insured, electricity, fuel, gas, water, steam, refrigeration, sewage, or telecommunications or any location of any indirect supplier or recipient.
- L. "Control" means that the First Named Insured owns, during the Policy Period, a majority ownership in, or has management control over, the business entity.
- M. "Coverage Territory" means anywhere in the world, except:
1. the United States of America (including its territories and possessions, the District of Columbia, and the Commonwealth of Puerto Rico); or
 2. if trade or economic sanctions or other laws or regulations prohibit the Company from providing insurance, including, but not limited to, the payment of claims, for, on behalf of, or to a person or Entity.
- N. "Covered Cause of Loss" means any cause of loss or damage not excluded by this Coverage Form.
- O. "Covered Equipment":
1. means:
 - a. equipment designed and built to operate under internal pressure or vacuum other than weight of contents. For any boiler or fired vessel, the furnace of the Covered Equipment and the gas passages from there to the atmosphere will be considered as outside the Covered Equipment;
 - b. communication equipment and Computers;
 - c. fiber optic cable;
 - d. any other electrical or mechanical equipment that is used in the generation, transmission or utilization of energy, except as set forth below; and
 - e. any of the following at a particular Insured Location, if specifically included on the Schedule of Insured Locations for that Insured Location:

- (1) any machine or apparatus used solely for research, diagnosis, medical, surgical, therapeutic, dental or pathological purposes;
- (2) any pressure, mechanical or electrical equipment, machinery or apparatus used in, or associated with, the generation of electrical power with a capacity nameplate rating less than or equal to 1,000kw, and used solely for the generation of emergency power; or
- (3) any process or process machine or apparatus that processes, forms, cuts, shapes or grinds raw materials, materials in process or finished products, including all other Covered Equipment that is used solely with or forms an integral part of the production, process or apparatus, but not any:
 - (A) pressure vessel or vacuum vessel, other than any cylinder containing a movable plunger or piston;
 - (B) pump, compressor, fan or blower that conveys raw materials, materials in process or finished products;
 - (C) separate enclosed gear set connected by a coupling, clutch or belt; or
 - (D) separate driving electrical or mechanical machine connected by a coupling clutch or belt;

2. does not mean any:

- a. astronomical telescope, cyclotron, nuclear reactor, particle accelerator, satellites or spacecraft (including satellite or spacecraft contents and their launch sites);
- b. catalyst;
- c. conveyor, elevator, escalator, crane, hoist, oven, stove, furnace, incinerator, pot or kiln, but not excluding any mechanical or electrical machine or apparatus mounted on or used with such equipment;
- d. equipment or any part of equipment manufactured or held for sale by the Insured for sale to others;
- e. equipment that is buried below ground and requires the excavation of materials to inspect, remove, repair or replace;
- f. felt, wire, screen, die, mold, pattern, form, extrusion plate, swing hammer, grinding disc, cutting blade, cable, chain, belt, rope, clutch plate, brake pad, or any non-metallic part of any part of tool that is subject to frequent, periodic replacement;
- g. insulating or refractory material;
- h. Electronic Data or Electronic Media;
- i. non-metallic vessel, unless it is constructed and used in accordance with the American Society of Mechanical Engineers Code;
- j. part of a boiler, fired vessel or electric steam generator that does not contain steam or water;

- k. power shovel, dragline, excavation or construction equipment, vehicle, aircraft, floating vessel or structure, including any Covered Equipment mounted upon or used solely with such equipment, vehicle, aircraft, floating vessel or structure;
 - l. structure, foundation, cabinet or compartment containing the Covered Equipment or part of the Covered Equipment, including penstock, draft tube or well casing; or
 - m. any pressure, mechanical or electrical equipment, machinery or apparatus used for, or associated with, the generation of electrical power with a capacity nameplate rating in excess of 1,000kw, regardless of whether used for the generation of emergency power or not.
- P. "Data Privacy" means the relationship among collection and dissemination of data, technology, and the public expectation of privacy (particularly with regard to personal information), and the legal issues surrounding them.
- Q. "Date or Time Recognition" means the recognition, interpretation, calculation, comparison, differentiation, sequencing, accessing or processing of data involving one or more dates or times.
- R. "Day Equivalent" means an amount equivalent to the number of days stated multiplied by 100% of the daily Time Element value that would have been earned following the Occurrence at the Insured Location where the physical damage occurred and all other Insured Locations where Time Element loss ensues.
- S. "Deductible" means the percentage(s), amount(s) or time period(s) shown in item VII. DEDUCTIBLES of the Declarations and explained in section I. **PROVISIONS APPLICABLE TO ALL COVERAGES, E. DEDUCTIBLES.**
- T. "Earth Movement" means any natural or man-made earth movement including, but not limited to earthquake or landslide, shocks, tremors, rock falls, volcanic eruption, sinkhole collapse, seaquake, excavation or any other intentional removal of earth, or subsidence, regardless of any other cause or event contributing concurrently or in any other sequence of loss. However, physical damage by fire, explosion, or sprinkler leakage resulting from Earth Movement will not be considered to be loss by Earth Movement within the terms and conditions of this Coverage Form, nor will sinking, rising, shifting, or other movement of earth resulting from soil conditions. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil, and the action of water under the ground surface. All Earth Movements within a continuous 168 hour period will be considered a single Earth Movement. Flood, including without limitation Flood resulting from Earth Movement, is not Earth Movement.
- U. "Electronic Data" means facts, concepts, information or data, including compilations thereof, stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of Electronic Data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
- V. "Electronic Media" means any physical device that holds, stores, contains, or transfers Electronic Data, and includes, but is not limited to, disks, drives, films, tapes, records, drums, or cells.
- W. "Entity" means an organization that possesses a separate existence for tax purposes and is not a natural person.
- X. "FEMA 100-Year Flood" means the Flood elevation, as determined by the Federal Emergency Management Agency ("FEMA") or a foreign governmental agency or unit with authority and function equivalent to that of FEMA, that has a 1 percent chance of being equaled or exceeded each year.

- Y.** "Fine Arts" means paintings; etchings; pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; antique furniture; antique jewelry; bric-a-brac; porcelains; and similar property of rarity, historical value, or artistic merit excluding automobiles, coins, stamps, furs, jewelry, precious stones, precious metals, watercraft, aircraft, money, securities.
- Z.** "First Named Insured" means the First Named Insured shown in item I. FIRST NAMED INSURED of the Declarations, located at the address shown in item II. FIRST NAMED INSURED'S MAILING ADDRESS of the Declarations. The First Named Insured must be an Entity domiciled in the United States of America (including the District of Columbia) or the United States Virgin Islands.
- AA.** "Flood" means the temporary condition of partial or complete inundation of normally dry land areas from:
1. the overflow of inland waters, tsunamis, tidal waves, or storm surges, or
 2. the unusual and rapid accumulation or runoff of surface waters from any source, or
 3. the release of water, or
 4. mudslide or mud flow caused by accumulation of water on or under the ground regardless of any other cause or event contributing concurrently or in any other sequence of loss, or
 5. the rising, overflowing or breaking of boundaries of natural or man-made bodies of water, or
 6. the spray from any of the foregoing,
- all whether driven by wind or not.
- "Flood" includes any "FEMA 100-Year Flood" and "Named Windstorm Flood". However, physical damage by fire, explosion, or sprinkler leakage resulting from Flood will not be considered to be loss by Flood within the terms and conditions of this Coverage Form. Earth Movement resulting from Flood is Earth Movement and not Flood.
- BB.** "Foreign Entity" means an Entity:
1. in which the First Named Insured has an Ownership Interest, or
 2. to which the First Named Insured owes a contractual or legal obligation under section **V. FOREIGN LOSS**,
- and which would be a Named Insured or Insured under this Coverage Form but for the fact that its principal place of business, statutory domicile, or affected business operation is located in a jurisdiction where the Company is not permitted to insure that Entity.
- CC.** "Foreign Entity Claim" means a demand made by a Foreign Entity for reimbursement from the First Named Insured for a Foreign Loss.
- DD.** "Foreign Loss" means any loss incurred or paid by:
1. a Foreign Entity or
 2. an Insured Entity that is not the First Named Insured, but is domiciled or resident in the United States of America (including the District of Columbia) or the United States Virgin Islands, which would be considered a covered loss under the terms and conditions of this Coverage Form, including but not limited to all exclusions and limitations, but for the fact that the loss takes place in a jurisdiction where the Company is not permitted to insure that loss.

- EE.** "Foreign Seismic Zones" means: Anegada; Anguilla; Antigua; Argentina; Aruba; Barbados; Belize; Bolivia; Bonaire; Brazil; British Virgin Islands; Caicos; Cayman Islands; Chile; China, but only the provinces of Liaoning, Tanjin, Beijing, Jiangsu, Anhui, Henan, Shanx, Shanxi, Sichuan, Gansu, Qinghai, Tibet, Xizang, Xinjiang, Yunan, Shandong, Fujian, and Guangdong, and the major cities of Baoji, Beijing, Chengdu, Dandong, Fuzhou, Kunming, Lanzhou, Lhasa, Qingdao, Tianjin, Weigang, Wenzhou, Xian, Xining, and Yinchuan; Colombia; Costa Rica; Curacao; Dominica; Dominican Republic; Ecuador; El Salvador; Grand Cayman; Greece; Grenada; The Grenadines; Guadeloupe; Guam; Guatemala; Haiti; Honduras; India; Indonesia; Israel; Italy; Jamaica; Japan; Martinique; Mexico, but only the states of Baja California (Norte and Sur), Sonora, Jalisco, Colima, Mexico City, Michoacan, Guerrero, Oaxaca, and Chiapas; Montserrat; Netherlands Antilles; Nevis; New Zealand; Pakistan; Panama; Philippines; Portugal; Saba; San Andres; St. Barts; St. Croix; St. Eustatius; St. Johns; St. Kitts; St. Lucia; St. Maarten (Dutch); St. Martin (French); St. Thomas; St. Vincent; Taiwan; Tobago; Tortola; Trinidad; Turkey; Turks; Venezuela; and Virgin Gorda.
- FF.** "Foreign Tier 1 Locations", with respect to Named Windstorm, means: Anegada; Anguilla; Antigua; Aruba; Barbados; Barbuda; Belize; Bonaire; Borneo; British Virgin Islands; Caicos; Cayman Islands; China, but only the provinces of Hainan, Guangdong, Fujian, Zhejiang, Shanghai, and Jiangsu; Costa Rica; Curacao; Dominica; Dominican Republic; Grand Cayman; Grenada; The Grenadines; Guadeloupe; Guam; Haiti; Honduras; Indonesia; Jamaica; Japan; Martinique; Mexico, but only the states of Quintana, Roo, and Yucatan; Montserrat; Netherlands Antilles; Nevis; New Zealand; Nicaragua; Philippines; the Commonwealth of Puerto Rico; Saba; San Andres; St. Barts; St. Croix; St. Eustatius; St. Johns; St. Kitts; St. Lucia; St. Maarten (Dutch); St. Martin (French); St. Thomas; St. Vincent; Taiwan; Tobago; Tortola; Trinidad; Turks; and Virgin Gorda.
- GG.** "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents, or by-products produced or released by fungi.
- HH.** "Great Britain" means England, Wales, and Scotland, but not the territorial seas adjacent thereto as defined by the Territorial Sea Act 1987, the Isle of Man or the Channel Islands.
- II.** "Gross Profit" means the amount produced by adding to the Net Profit the amount of the Insured Fixed Charge, or if there is no Net Profit, the amount of the Insured Fixed Charges less that proportion of any loss from business operations as the amount of the Insured Fixed Charges bears to all fixed charges.
- JJ.** "Hazardous Substance", as used in section **IV. BOILER AND MACHINERY COVERAGE**, means any substance other than ammonia that has been declared to be hazardous to human health by a government agency.
- KK.** "Insured Fixed Charges" means all fixed charges of the Insured unless specifically excluded herein.
- LL.** "Leader Property" means property not owned or operated by any Named Insured, that is located within one (1) statutory mile from the affected Insured Location, and which is generally recognized as attracting business to the affected Insured Location.
- MM.** "Lease Interest" means the excess rent paid for the same or similar replacement property over actual rent payable plus cash bonuses or advance rent paid (including maintenance or operating charges) for each month during the unexpired term of the Insured's lease.
- NN.** "Local Admitted Policy" or "Local Admitted Policies" means a policy or policies issued to the first Named Insured or its Affiliate in a particular country by an Affiliated or Non-Affiliated Company at the request of the Company or the Company's Affiliate, which policy or policies provide Primary insurance and are part of a worldwide property insurance program for which this Coverage Form serves as the Master Policy.

- OO.** "Master Policy" means that, with respect to Insured Locations for which this Coverage Form becomes the "Master Policy", this Coverage Form provides only the difference in conditions and/or difference in limits coverage set forth in **I. PROVISIONS APPLICABLE TO ALL COVERAGES, F. HOW THIS COVERAGE FORM APPLIES, 2.c.**
- PP.** "Miscellaneous Unnamed Insured Locations" means an Insured Location described in section **II. PROPERTY DAMAGE, C. ADDITIONAL COVERAGES, 20. Miscellaneous Unnamed Insured Locations.**
- QQ.** "Named Windstorm" means an intense tropical weather system with a well-defined circulation and maximum sustained winds of at least 34 kt (39 mph or 63 km/hr) that is named by the National Hurricane Center, World Meteorological Organization, or any similar organization, agency or body responsible for naming tropical weather systems. Verification of the existence of a "Named Windstorm" is made by the National Hurricane Center, World Meteorological Organization, or such similar organization, agency or body. "Named Windstorm" does not include Named Windstorm Flood.
- RR.** "Named Windstorm Flood" means Flood directly resulting from a Named Windstorm.
- SS.** "Net Lease Interest" means that sum which, placed at 3% interest rate compounded annually, would equal the Lease Interest (less any amounts otherwise payable under this Coverage Form).
- TT.** "Normal" means the condition that would have existed had no physical loss or damage occurred.
- UU.** "Occurrence" means the sum of all individual losses arising out of and directly caused by any one disaster, accident or loss or series of disasters, accidents or losses arising out of one event which occurs anywhere within the Coverage Territory. The duration and extent of any one Occurrence will be limited to all individual losses sustained by the Insured occurring during any period of 72 consecutive hours arising out of and directly caused by the same event, except:
1. As regards Named Windstorm (including Foreign Tier 1 Locations), Flood, hail or tornado, including ensuing collapse, Flood and water damage: all individual losses sustained by the Insured occurring during any period of 72 consecutive hours arising out of and directly caused by the same event.
 2. As regards the perils of Riot, Strike or Civil Commotion and Vandalism and Malicious Mischief, including losses from all other perils covered hereunder following as a result of the aforesaid perils: all losses or series of losses occurring during any period of 168 consecutive hours arising out of and directly caused by the same event. The maximum duration of 168 consecutive hours may be extended in respect of individual losses which occur beyond such 168 consecutive hours during the continued occupation of the Insured's premises by strikers, provided such occupation commenced during the aforesaid period.
 3. As regards the peril of Earth Movement, including losses from all other perils covered hereunder following as a result of Earth Movement: only those individual losses covered hereunder, which commence during the period of 168 consecutive hours, may be included in the Occurrence.
 4. As regards the peril of freeze: only those individual losses directly caused by collapse, breakage of glass, water and/or liquid damage due to burst pipes tanks or pressure vessels; damage to machinery or equipment, Stock and/or work in progress due to freeze; and/or individual losses arising directly out of the lack of supply of power, current, coolant and/or fuel due to frozen pipes and/or frozen feedlines may be included in the Occurrence.

Except for those Occurrences referred to in sub-paragraphs **1.** and **2.** above, the Insured may choose the date and time when such period of consecutive hours commences, provided that it is not earlier than the date and time of the occurrence of the first recorded individual loss sustained by the Insured arising out of that disaster, accident or loss and provided that only one such period of consecutive hours will apply with respect to one event.

However, as respects those Occurrences referred to in sub-paragraphs **1.** and **2.** above, if the disaster, accident or loss occasioned by the event is of greater duration than the specified period of consecutive hours, then the Insured may divide that disaster, accident or loss into two or more Occurrences, provided no two periods overlap and no individual loss is included in more than one such period and provided that no period commences earlier than the date and time of the occurrence of the first recorded individual loss sustained by the Insured arising from that disaster, accident or loss.

No individual losses caused by an event that would be covered by sub-paragraph **1.** above may be included in any Occurrence claimed under the 168 hours provision in sub-paragraph **2.** or **3.**

This provision in no way alters any Policy Limit of Liability or Sub-limit of Liability.

VV. "Ordinary Payroll" means payroll expenses for all of the Insured's employees that are included in the **TIME ELEMENT** values provided to the Company in the Schedule of Insured Locations. "Payroll expenses" include: payroll; employee benefits, if directly related to payroll; Federal Insurance Contributions Act ("FICA") tax payments that the Insured pays; union dues that the Insured pays; and workers compensation insurance premiums.

WW. "Ownership Interest" means the percentage ownership interest that the First Named Insured has in another Entity, either directly or through intervening subsidiaries, as set out in a list on file with the Company.

XX. "Period of Service Interruption":

- 1.** with respect to section **II. PROPERTY DAMAGE**, means the period starting with the time when an interruption of specified services occurs; and ending when, with due diligence and dispatch, the service could be restored.
- 2.** with respect to section **III. TIME ELEMENT**, means the period starting with the time when an interruption of specified services occurs; and ending when, with due diligence and dispatch, the service could be restored and the Insured Location receiving the service could or would have resumed normal operations following the restoration of service under the same or equivalent physical and operating conditions, as provided by subsection **D. PERIOD OF LIABILITY** in section **III. TIME ELEMENT**. The Period of Service Interruption is limited to only those hours during which the Insured would or could have used such service(s) if it had been available. The Period of Service Interruption does not extend to include the interruption of operations caused by any reason other than interruption of the specified service(s).

YY. "Perishable Goods" means Covered Property maintained under controlled conditions for its preservation that is susceptible to loss or damage if the controlled conditions change. Perishable Goods must be identified by type and value on the Schedule of Insured Locations.

ZZ. "Personal Property" means property owned by a person or entity that is not:

- 1.** Real Property;
- 2.** Finished goods or products; or
- 3.** Any good, product, material, substance, or object that the Insured places in the stream of commerce.

- AAA.** "Policy Period" means the period shown in item V. POLICY PERIOD of the **DECLARATIONS**, unless such period is terminated on an earlier date, in which case such earlier date will end the Policy Period. If the Policy Period is 12 calendar months or less, then any Term Aggregate Limit or Sub-limits of Liability will apply in full. If the Policy Period is more than 12, but less than 24, calendar months, all Term Aggregate Limit or Sub-limits of Liability will apply to the Policy Period.
- BBB.** "Political Risk" means the risk of loss or damage to property in a country caused by:
1. a change in that country's political structure or policies, such as tax laws, tariffs, expropriation of assets, or restriction in repatriation of profits, or any political change that alters the expected outcome and value of a given economic action by changing the probability of achieving business objectives; or
 2. non-market factors, such as macroeconomic and social policies (fiscal, monetary, trade, investment, industrial, income, labor, and developmental) of a country or events related to political instability of that country.
- CCC.** "Pollutants or Contaminants" means any material 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 Covered Property, including, but not limited to, bacteria, viruses and 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 their foreign equivalent(s), or as designated by the U. S. Environmental Protection Agency or any governmental body with the authority to make such designation.
- DDD.** "Primary" means the insurance policy providing the layer of coverage that will respond first to any covered loss exceeding the applicable deductible.
- EEE.** "Profits" means the amount that would have been received by the Insured from the sale of goods belonging to the Insured, in excess of the cost to the Insured of such goods.
- FFF.** "Real Property" means buildings at the Insured Locations including completed additions; fixtures, including outdoor fixtures; and permanently installed machinery and equipment.
- GGG.** "Riot, Strike or Civil Commotion", in addition to riot, strike and civil commotion, includes acts of striking employees while occupying the Insured's premises; and pilferage or looting occurring at the time and place of a riot or civil commotion.
- HHH.** "Royalties" means the income that the Insured is unable to collect under royalty or licensing agreements.
- III.** "Sales" means the money paid or payable to the Insured for goods sold and delivered and for services rendered in the conduct of the business at an Insured Location.
- JJJ.** "Schedule of Insured Locations" means the schedule of all Insured Locations that is provided by the First Named Insured to the Company for purposes of underwriting this Coverage Form, and that is attached to this Coverage Form or on file with the Company. The Schedule of Insured Locations is incorporated into this Coverage Form by reference hereto. The Schedule of Insured Locations includes the address of each Insured Location and each building at each Insured Location; Covered Property values; construction, occupancy and exposure information; and other information required by the Company.
- LLL.** "Soft Costs" means only the following, and then only as necessary and reasonable expenses actually sustained by the Insured during the course of construction and relating to Covered Property:

1. Advertising and promotional expenses;
2. Architectural and/or engineering supervisory services and consulting fees;
3. Audit and bookkeeping services;
4. Renegotiation of sales commissions or fees;
5. Fees for licenses and permits;
6. Insurance premiums for builders' risk, workers' compensation, and general liability insurance;
7. Interest on the construction loan;
8. Realty taxes and other assessments;
9. Rental or lease expense of construction equipment and trailers;
10. Legal and accounting fees; and
11. Travel expenses

Soft Costs do not include damages for breach of contract or late or non-completion of orders, or penalties of any nature.

- MMM.** "Special Hazard Flood Area" means any area of land designated by FEMA as Flood Zones A, AE, A1 through A30 (or any designation included therein), AH, AO, AR, A99, D, V or VE, or VE1 - VE30 (or any designation included therein); the Netherlands; and, in any foreign jurisdiction that uses a standard similar to FEMA's "base flood" or "100-year flood" standard, any area of land that has been so designated in that foreign jurisdiction; and also includes any area of land that is protected, or intended to be protected, by a levee, floodwall, dam, dike, or similar structure or device intended to contain or hold back water. Any Real or Personal Property located wholly or partially in a Special Hazard Flood Area will be deemed to be located in a Special Hazard Flood Area.
- NNN.** "Standard Sales" means the Sales during that period in the 12 months immediately before the date of the physical loss or damage to the Covered Property which corresponds with the **PERIOD OF LIABILITY**.
- OOO.** "Stock" means merchandise held in storage or for sale, raw materials, and in-process or finished goods, including supplies used in their packing or shipping.
- PPP.** "Sturmflut", applicable only to Germany, means the general and temporary condition of partial or complete inundation of dry land areas caused by or resulting from the overflow of river, lake, bay, estuary or tidal waters because of the rapid accumulation of runoff of surface waters from any source or from wind-driven storm surge, tidal wave, high tide, flood tide, wave wash or tsunami.
- QQQ.** "Sub-limit of Liability" means one of the SUB-LIMITS OF LIABILITY shown in Item VI.B. of the Declarations.
- RRR.** "Total Insured Value" means the summation of all of the values of Covered Property that the First Named Insured provides to the Company, plus Time Element values reasonably estimated by the Insured for the immediately preceding 12 consecutive months, as shown in the Schedule of Insured Locations.

- SSS.** “Valuable Papers and Records” means written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages and manuscripts, all of which must be of value to the Insured. “Valuable Papers and Records” does not include Electronic Data, Electronic Media, electronic material, or electronic information.
- TTT.** “Vandalism and Malicious Mischief” means willful and malicious damage to, or destruction of, Covered Property.

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INTERNATIONAL ADVANTAGE® EMPLOYEE DISHONESTY COVERAGE FORM

We will pay for loss of, and loss from damage to, “money,” “securities,” and “property other than money and securities” resulting directly from dishonest acts committed by an “employee” whether identified or not, acting alone or in collusion with other persons, except you or a partner, with the manifest intent to:

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

LIMIT OF LIABILITY

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

DEDUCTIBLE

We will not pay for loss in any one “occurrence” unless the amount of the loss exceeds the Deductible shown in the Declarations. We will then pay the amount of loss in excess of the Deductible, up to the Limit of Insurance.

You must give us notice as soon as possible of any loss of the type insured under this Coverage Form even though it falls entirely within the Deductible. Upon our request, you must give us a statement describing the loss.

EXCLUSIONS

We will not pay for the loss as specified below:

Acts Committed by You or Your Partners

Loss resulting from any dishonest or criminal act committed by you or your partners, whether acting alone or in collusion with other persons.

Governmental Action

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

Indirect Loss

Loss that is an indirect result of any act or “occurrence” covered by this insurance, including but not limited to loss resulting from:

1. Your inability to realize income that you would have realized had there been no loss of, or loss from damage to, “money,” “securities,” and “property other than money and securities.”
2. Payment of damages of any type for which you are legally liable; however, we will pay direct compensatory damages arising from a loss covered under this insurance.

3. Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance.

Legal Expenses

Expenses related to any legal action.

Nuclear

Loss resulting from nuclear reaction, nuclear radiation or radioactive contamination, or any related act or incident.

War and Similar Actions

Loss resulting from war, whether or not declared, warlike action, insurrection, rebellion or revolution, or any related act or incident.

“Employee” Canceled Under Prior Insurance

Loss caused by an “employee” for whom similar prior insurance has been canceled and not reinstated since the last such cancellation.

Inventory Shortage

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

1. An inventory computation; or
2. A profit and loss computation.

CONDITIONS**Consolidation- Merger**

If through consolidation or merger with, or purchase of assets of, some other entity:

1. Any additional persons become “employees”; or
2. You acquire the use and control of additional “premises”;

any insurance afforded for “employees” or “premises” also applies to those additional “employees” and “premises,” but only if you:

1. Give us written notice within 30 days thereafter; and
2. Pay us additional premium.

Discovery Period for Loss

We will pay only for covered loss discovered no later than one year from the end of the Policy Period.

Duties in the Event of Loss

After you discover a loss or a situation that may result in loss of, or loss from damage to, “money,” “securities,” or “property other than money and securities,” you must:

1. Notify us as soon as possible;

2. Submit to examination under oath at our request and give us a signed statement of your answers;
3. Give us a detailed, sworn proof of loss within 120 days; and
4. Cooperate with us in the investigation and settlement of any claim.

Joint Insured

If more than one insured is named in the Declarations, the first Named Insured will act for itself and for every other insured for all purposes of this insurance. If the first Named Insured ceases to be covered, then the next Named Insured will become the first Named Insured.

If any insured or partner or officer of that insured has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every insured.

An "employee" of any insured is considered to be an "employee" of every insured.

If this insurance or any of its coverages is canceled or terminated as to any insured, loss sustained by that insured is covered only if discovered no later than one year from the date of that cancellation or termination.

We will not pay more for loss sustained by more than one insured than the amount we would pay if all the loss had been sustained by one insured.

Legal Action Against Us

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

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

Loss Covered Under More Than One Coverage of This Insurance

If 2 or more coverages of this insurance apply to the same loss, we will pay the lesser of:

1. The actual amount of loss; or
2. The sum of limits of insurance applicable to those coverages.

Loss Sustained During Prior Insurance

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

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

This insurance under this Condition is part of, not in addition to, the Limits of Insurance applying to this insurance and is limited to the lesser of the amounts recoverable under:

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

Loss Covered Under This Insurance and Prior Insurance Issued by Us or Any Affiliate

If any loss is covered:

1. Partly by this insurance, and
2. Partly by any prior canceled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;

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

Non-Cumulation of Limit of Insurance

Regardless of the number of years this insurance remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

Other Insurance

This insurance does not apply to loss recoverable or recovered under other insurance or indemnity. However, if the limit of the other insurance or indemnity is insufficient to cover the entire amount of the loss, this insurance will apply to that part of the loss not recoverable or recovered under the other insurance or indemnity but not for more than the Limit of Insurance.

Ownership of Property; Interests Covered

The property covered under this insurance is limited to property:

1. That you own or hold; or
2. For which you are legally liable.

However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization.

Policy Period

Subject to the Loss Sustained During Prior Insurance condition, we will pay only for the loss that you sustain through acts committed or events occurring during the Policy Period shown in the Declarations.

Records

You must keep records of all "money," "securities," and "property other than money and securities" so we can verify the amount of any loss.

Recoveries

Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this insurance will be distributed as follows:

1. To you, until you are reimbursed for any loss that you sustain that exceeds the Limit of Insurance and the Deductible, if any;
2. Then to us, until we are reimbursed for the settlement made;
3. Then to you, until you are reimbursed for that part of the loss equal to the Deductible, if any.

Recoveries do not include any recovery:

1. From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
2. Of original "securities" after duplicates of them have been issued.

Covered Territory

is the Coverage Territory for Employee Dishonesty Coverage shown in the Declarations.

Transfer of Rights of Recovery Against Others to Us

You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have been paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.

Valuation – Settlement

Subject to the Limit of Insurance provision we pay for:

1. Loss of "money" for not more than its face value. We may, at our option, pay for loss of "money" issued by any country other than the United States of America:
 - a. At face value in the "money" issued by that country; or
 - b. In the United States of America dollar equivalent determined by the free rate of exchange on the day the loss was discovered.
2. Loss of "securities" for not more than their value at the close of business on the day the loss was discovered. We may, at our option;
 - a. Pay the value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"
 - b. Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities." However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:
 - i Value of the "securities" at the close of business on the day the loss was discovered; or
 - ii Limit of Insurance
3. Loss of, or loss from damage to, "property other than money and securities" or loss from damage to the "premises" for not more than the:
 - a. Actual cash value of the property on the day the loss was discovered;
 - b. Cost of repairing the property or "premises"; or
 - c. Cost of replacing the property with property of like kind and quality.

We may, at our option, pay the actual cash value of the property or repair or replace it.

If we cannot agree with you upon the actual cash value or the cost of repair or replacement, the value or cost will be determined by arbitration.

We may, at our option, pay for loss of, or loss from damage to, property other than “money”:

1. In the “money” of the country in which the loss occurred; or
2. In the United States of America dollar equivalent of the “money” of the country in which the loss occurred determined by the free rate of exchange on the day the loss was discovered.

Any property that we pay for or replace becomes our property.

Cancellation As To Any “Employee”

This insurance is canceled as to any “employee”;

Immediately upon discovery by:

1. You; or
2. Any of your partners, officers or directors not in collusion with the “employee”;

of any dishonest act committed by that “employee” whether before or after becoming employed by you; or on the date specified in the notice mailed to you. That date will be at least 30 days after the date of mailing.

The mailing of notice to you at the last known address will be sufficient proof of notice. Delivery of notice is the same as mailing.

DEFINITIONS

Employee

means any natural person:

1. While in your service (and for 30 days after termination of service); and
2. Whom you compensate directly by salary, wages or commissions ;and
3. Whom you have the rights to direct and control while performing services for you; and

Any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you excluding, however, any such person while having care and custody of property outside the “premises.”

“Employee” does not mean any:

1. Agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
2. Director or trustee except while performing acts coming within the scope of the usual duties of an employee.

Money

means currency, coins and bank notes in current use and having a face value; also, travelers checks, register checks and money orders held for sale to the public.

Occurrence

means all loss caused by, or involving, one or more "employees," whether the result of a single act or series of acts.

Property Other Than Money and Securities

means any tangible property other than "money" and "securities" that has intrinsic value but does not include any property listed as Property Not Covered.

Securities

means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:

1. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
2. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money."

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 001
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

BROAD NAMED INSURED

This endorsement modifies coverage under the following:

INTERNATIONAL ADVANTAGE® COMMERCIAL INSURANCE POLICY

It is agreed that the Named Insured is amended to include the following:

The Named Insured shown on the declarations and all subsidiary, affiliated, associated, and allied companies, entities, divisions, corporations, firms or individuals, joint ventures or other interests which exist now or may hereafter exist, in which the Named Insureds have 50% or more controlling interest, or coming under their active control, or for which the Insured has the responsibility of placing insurance, but solely as respects the interests of the Named Insureds, as their respective rights and interests may appear.

All other terms and conditions of this policy remain unchanged.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 002
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

CANCELLATION

This endorsement modifies insurance provided under the following:

INTERNATIONAL ADVANTAGE® COMMERCIAL INSURANCE POLICY

Section 2 of the Common Policy Conditions, Cancellation; paragraph b. (1) is deleted and replaced with the following:

(1) 20 days before the effective date of cancellation if we cancel for nonpayment of premium.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Policy shall remain unchanged.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 003
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

GPS GLOBAL PROGRAM SOLUTIONS ENDORSEMENT (Non-Admitted Coverage), LD-34280a (01/16)

Modifies coverage provided under the following (if box is marked):

- ☐ **COMMERCIAL GENERAL LIABILITY COVERAGE FORM**
- ☐ **COMMERCIAL GENERAL LIABILITY COVERAGE FORM CLAIMS MADE**
- ☒ **CONTINGENT AUTO LIABILITY COVERAGE FORM**
- ☐ **EMPLOYEE BENEFITS LIABILITY ENDORSEMENT**
- ☒ **EMPLOYERS RESPONSIBILITY COVERAGES**
- ☐ **Endorsement No.**
- ☐ **Endorsement No.**

All other terms and conditions of this policy remain unchanged.

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**GPS GLOBAL PROGRAM SOLUTIONS ENDORSEMENT
(Non-Admitted Coverage)**

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 004
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This policy is amended as follows:

FOREIGN ENTITY LOSS PROVISIONS

A. Insuring Agreement

1. This endorsement applies only when a "foreign occurrence" arising out of the premises, products or operations of a "foreign entity" causes injury or damage of a type covered under this policy.

In that case, rather than directly pay on behalf of a "foreign entity", we will indemnify the "first named insured" for the "foreign loss" caused by a "foreign occurrence" in accordance with this endorsement.

2. Nothing in this endorsement is intended to, nor does it, extend coverage beyond the terms, conditions, exclusions and other limitations of this policy.

B. Who Is An Insured

When this endorsement applies, the WHO IS AN INSURED provisions are amended to provide that the "foreign entity" is not an "insured" on whose behalf we have a direct duty to pay settlements or judgments or a duty to defend under this policy.

C. Defense and Supplementary Payments

When this endorsement applies, rather than directly defend a "foreign entity", we will indemnify the "first named insured" for defense costs incurred in defending a "suit" brought against a "foreign entity", provided that the "first named insured" complies with the **Additional Conditions** shown below and other policy terms, conditions and limitations.

D. Limits of Insurance

The insurance provided by this endorsement is subject to all applicable limits of insurance, limits of liability, deductibles and self-insured retentions (if any) shown in the Declarations of, or elsewhere in, this policy, including any aggregates and sub-limits (collectively, "limits"). Any "foreign loss" for which we pay indemnity will erode and be counted against such limits. Such limits apply on the same basis (per "occurrence", per claim, per accident, per offense, etc.) with respect to the "first named insured" as would apply if the "foreign entity" was an insured under this policy.

Notwithstanding the foregoing, if “allocated loss adjustment expense” is payable under the applicable coverage, coverage part, or coverage form of this policy in addition to the applicable limit of insurance or liability, then amounts incurred for “allocated loss adjustment expense” by the “foreign entity” which are subject to the terms of **A. Insuring Agreement** of this endorsement will not be included in the applicable limit of insurance or liability.

E. Additional Conditions

When this endorsement applies, the following conditions apply in addition to the conditions and limitations provided elsewhere in this policy.

1. Claims Made/Reported Coverage (if applicable)

Any requirements in this policy that a claim be first made, or deemed made, during the policy period or any discovery or extended reporting period will also apply to all claims made against a “foreign entity” for which the “first named insured” seeks indemnification. Any provisions regarding notice of circumstances which may become a claim under this policy will apply to circumstances known or which reasonably should have been known by the “first named insured”.

2. Additional Duties Of The “First Named Insured”

- a. With respect to a “foreign occurrence” which may result in a claim under this endorsement, the “first named insured” assumes the duty to notify us, and must notify us in accordance with the standards shown in the applicable coverage form, coverage part or endorsement.
- b. The “first named insured” will, when directed by us:
 - (1) retain in its own name, but at our expense, a loss adjusting expert (“loss adjuster”) authorized in the jurisdiction or country in which the “foreign loss” occurred and approved by us;
 - (2) where permitted by applicable law, grant us the full right to collaborate with such loss adjuster;
 - (3) grant us full access to any records produced by such loss adjuster; and
 - (4) obtain the right to control the investigation, adjustment, defense and settlement of the “foreign loss” using experts approved by us, including access to books, records, bills, invoices, vouchers and other information.

3. Payment As Discharge Of Liability

With respect to any “foreign loss”, payment to the “first named insured” will, to the extent of such payment and in all circumstances, discharge us from any liability or alleged liability to any other person or entity, whether or not named as an insured in this policy.

4. Truthfulness and Accuracy of Information

When this endorsement applies:

- a. The “first named insured” will make a good faith effort to provide truthful and accurate information to us with respect to a “foreign entity”, “foreign occurrence”, claim, “suit” or “foreign loss”.

- b. The “first named insured” will not, at any time, intentionally conceal or misrepresent facts concerning this policy, including the risk to be insured; a “foreign entity”; a “foreign loss”, claim or “suit”; or a “foreign occurrence”.

F. Additional Definitions

The following definitions apply to this endorsement in addition to definitions set forth elsewhere in this policy:

1. “Allocated loss adjustment expense” means any:

- a. Expenses, costs and interest provided for under this policy that responds to a loss, claim, “suit” or demand, and
- b. Other expenses, costs, or interest incurred in connection with the investigation, administration, adjustment, settlement or defense of any loss, claim, “suit” or demand arising under this policy that we directly allocate to a particular claim, whether or not a payment indemnifying the claimant(s) is made by any person or entity. Such expenses will include: subrogation; all court costs, fees and expenses; fees for service of process; fees and expenses to attorneys for legal services; the cost of services of undercover operations and detectives; fees to obtain medical cost containment services; the cost of employing experts for the purpose of preparing maps, photographs, diagrams, or chemical or physical analysis, or for expert advice or opinion; the cost of obtaining copies of any public records; and the cost of obtaining depositions and court reporters or recorded statements.

However, “allocated loss adjustment expense” does not include:

- 1. the salaries of the employees of any “foreign entity” or of the “first named insured”
 - 2. fees, expenses and interest for legal services not provided to or for the benefit of the “first named insured”; and
 - 3. amounts otherwise reimbursed to the “first named insured” or “foreign entity”.
- 2. “First named insured” means the first Named Insured shown in the Declarations.**
- 3. “Foreign entity” means a person, entity or organization whose principal place of business, statutory domicile or residence is located in a country where we are not permitted to provide insurance without a “license” or the Company does not have an affiliate or partner company in the country to provide insurance coverage for persons or entities insured under the applicable “Who Is An Insured” section of the Policy or any endorsement thereto. Country includes any political jurisdiction that independently regulates the licensing of insurance companies.**
- 4. “Foreign loss” means:**
- a. Damages, benefits or other amounts for which coverage is provided under this policy, that a “foreign entity” has incurred or becomes legally obligated to pay because of injury, damage, loss, or liability to which this insurance would apply if the “first named insured” were directly liable for such amounts because of acts, errors or omissions of the “first named insured”; and
 - b. Any reasonable and necessary expenses or costs incurred by a “foreign entity” to which this insurance would apply if we defended the claim or “suit”;

which have not been paid, indemnified or reimbursed under any other insurance.

5. "Foreign occurrence" means an occurrence, offense, accident, act, error, omission, wrongful act (as any of these terms may be defined in this policy) which may result in a "foreign loss".
6. "License" or "Licensed" means with respect to any country, permitted in accordance with applicable law to conduct the business of insurance in such country.

All other terms and conditions of this policy remain unchanged.

Authorized Representative



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 005
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

MINIMUM EARNED PREMIUM ENDORSEMENT

This endorsement modifies coverage under the following:

**INTERNATIONAL ADVANTAGE® COMMERCIAL INSURANCE POLICY
COMMON POLICY CONDITIONS**

It is agreed that:

The **COMMON POLICY CONDITIONS** are amended at section **10. Premiums** by adding the following:

The minimum premium for this insurance is \$2,500 and shall be considered fully earned as of the inception date of this policy (When Coverage Begins in the POLICY PERIOD item of the **GENERAL DECLARATIONS**).

All other terms and conditions of this policy remain unchanged.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 006
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

**ADDITIONAL INSURED – CONTINGENT AUTO, REQUIRED BY
WRITTEN CONTRACT**

This endorsement modifies insurance provided under the following:

CONTINGENT AUTO LIABILITY COVERAGE FORM

WHO IS AN INSURED (Section III) is amended to include as an “insured” any person or organization you are required in a written contract or agreement to name as an Additional Insured on your policy but only for “bodily injury” or “property damage” to which this insurance applies if the “accident” is caused by:

1. You, while using a covered “auto” or
2. Any other person, while using a covered “auto” with your permission.

The insurance provided by this endorsement shall be subject to the following additional conditions:

1. The Limit of Insurance provided for the Additional Insured shall not be greater than those required by contract and, in no event, shall the policy Limits of Insurance be increased by the contract.
2. All insuring agreements, exclusions, terms and conditions of the policy shall apply to the coverage(s) provided to the Additional Insured, and such coverage shall not be enlarged or expanded by reason of the contract.
3. Coverage provided by this endorsement shall be excess over any other valid and collectible insurance available to the Additional Insured(s) whether primary, excess, contingent or on any other basis unless the contract specifically requires that this insurance be primary or you request that it apply on a primary basis prior to loss.

All other terms and conditions of this policy remain unchanged.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 007
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

AUTO MEDICAL PAYMENTS COVERAGE

This endorsement modifies coverage under the following:

CONTINGENT AUTO LIABILITY COVERAGE FORM

SCHEDULE

Limits

\$ 50,000 Each Accident

It is agreed that

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

A. Coverage

We will pay reasonable expenses incurred for necessary medical and funeral services to or for an "insured" who sustains "bodily injury" caused by "accident". We will pay only those expenses incurred, for services rendered within three years from the date of the "accident".

B. Who Is An Insured

1. You while "occupying" or, while a pedestrian, when struck by any "auto".
2. If you are an individual, any "family member" while "occupying" or, while a pedestrian, when struck by any "auto".
3. Anyone else "occupying" a covered "auto" or a temporary substitute for a covered "auto". The covered "auto" must be out of service because of its breakdown, repair, servicing, loss or destruction.

C. Exclusions

This insurance does not apply to any of the following:

1. "Bodily injury" sustained by an "insured" while "occupying" a vehicle located for use as a premises.

2. "Bodily injury" sustained by you or any "family member" while "occupying" or struck by any vehicle (other than a covered "auto") owned by you or furnished or available for your regular use.
3. "Bodily injury" sustained by any "family member" while "occupying" or struck by any vehicle (other than a covered "auto") owned by or furnished or available for the regular use of any "family member".
4. "Bodily injury" to your "employee" arising out of and in the course of employment by you. However, we will cover "bodily injury" to your domestic "employees" if not entitled to workers' compensation benefits. For the purposes of this endorsement, a domestic "employee" is a person engaged in household or domestic work performed principally in connection with a residence premises.
5. "Bodily injury" to an "insured" while working in a business of selling, servicing, repairing or parking "autos" unless that business is yours.
6. "Bodily injury" arising directly or indirectly out of:
 - a. War, including undeclared or civil war;
 - b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
 - c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
7. "Bodily injury" to anyone using a vehicle without a reasonable belief that the person is entitled to do so.
8. "Bodily Injury" sustained by an "insured" while "occupying" any covered "auto" while used in any professional racing or demolition contest or stunting activity, or while practicing for such contest or activity. This insurance also does not apply to any "bodily injury" sustained by an "insured" while the "auto" is being prepared for such a contest or activity.

D. Limit Of Insurance

Regardless of the number of covered "autos", "insureds", premiums paid, claims made or vehicles involved in the "accident", the most we will pay for "bodily injury" for each "insured" injured in any one "accident" is the Limit Of Insurance for Auto Medical Payments Coverage shown in the Schedule above.

No one will be entitled to receive duplicate payments for the same elements of "loss" under this coverage and any Liability Coverage Form, Uninsured Motorists Coverage Endorsement or Underinsured Motorists Coverage Endorsement attached to this Coverage Part.

E. Changes In Conditions

The Conditions are changed for Auto Medical Payments Coverage as follows:

1. The Transfer Of Rights Of Recovery Against Others To Us Condition does not apply.
2. The reference in Other Insurance in the Business Auto and Garage Coverage Forms and Other Insurance – Primary And Excess Insurance Provisions in the Truckers and Motor Carrier Coverage Forms to "other collectible insurance" applies only to other collectible auto medical payments insurance.

F. Additional Definitions

As used in this endorsement:

1. "Family member" means a person related to you by blood, marriage or adoption who is a resident of your household, including a ward or foster child.
2. "Occupying" means in, upon, getting in, on, out or off.

All other terms and conditions of this policy remain unchanged.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 008
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

EXCLUSION – WAR OR TERRORISM

This endorsement modifies coverage under the following:

CONTINGENT AUTO LIABILITY COVERAGE FORM

It is agreed that:

1. **SECTION I – LIABILITY COVERAGE** is amended by deleting subsection **C. Exclusions**, part **12. War** in its entirety and replacing it with the following:

12. War or Terrorism

“Bodily injury” or “property damage” arising, directly or indirectly, out of:

- a. War, including undeclared or civil war;
- b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these; or
- d. “Terrorism”, including any action taken in hindering or defending against an actual or expected incident of “terrorism”

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

We will have no duty of any kind with respect to any such loss, demand, claim or “suit.”

2. The following definition is added to the **SECTION VI - DEFINITIONS**:

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

1. That involves the following or preparation for the following:

- a. Use or threat of force or violence; or

- b.** Commission or threat of a dangerous act; or
 - c.** Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; or
 - d.** Use, release or escape of nuclear materials; or
 - e.** Commission or threat of an act that directly or indirectly results or threatens to result in nuclear reaction or radiation or radioactive contamination; or
 - f.** Dispersal or application of pathogenic or poisonous biological or chemical materials; or
 - g.** Release of pathogenic or poisonous biological or chemical materials, and it appears that one purpose of the "terrorism" was to release such materials; and
- 2.** When one or both of the following applies:
- a.** The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
 - b.** It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

"Terrorism" shall also include any incident determined to be such by a government official, department or agency that has been specifically authorized by federal statute or executive order to make such a determination.

All other terms and conditions of this policy remain unchanged.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 009
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

FELLOW EMPLOYEE COVERAGE

This endorsement modifies coverage under the following:

CONTINGENT AUTO LIABILITY COVERAGE FORM

It is agreed that

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

The Fellow Employee Exclusion contained in **Section 1.C.5.** does not apply.

All other terms and conditions of this policy remain unchanged.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 010
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

HIRED AUTO PHYSICAL DAMAGE COVERAGE ENDORSEMENT

This endorsement modifies coverage under the following:

CONTINGENT AUTO LIABILITY COVERAGE FORM

SECTION II – COVERED AUTOS, paragraph **B. Hired Autos** is amended to include the following:

HIRED AUTO PHYSICAL DAMAGE COVERAGE

INSURING AGREEMENT

We will reimburse you, at replacement cost, up to \$50,000 per “accident” for physical damage “loss” to a hired “auto” or its equipment while in the care, custody, or control of an insured.

You may pay for “loss” to a hired “auto” that was damaged while in your care, custody, or control. We will reimburse you for that payment. Our consent for such payment is not required, but we do require proof of “loss” and proof that the payment was made for “loss” to a covered “auto” before we will reimburse you.

EXCLUSIONS

In addition to the Contingent Auto Liability Coverage Form exclusions, we will not pay for “loss” to any covered hired “auto” caused by or resulting from any of the following. Such “loss” is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the “loss”:

1. Racing or Demolition

We will not pay for “loss” to any covered “auto” while used in any professional or organized racing or demolition contest or stunting activity, or while practicing for such contest or activity. Also, we will not pay for “loss” to any covered “auto” while that covered “auto” is being prepared for such a contest or activity.

2. Wear and tear

We will not pay for “loss” caused by or resulting from any of the following:

- a. Wear and tear, freezing, mechanical, or electrical breakdown.
- b. Blowouts, punctures or other road damage to tires.

3. Tapes, Records, and Equipment

We will not pay for “loss” to any of the following:

- a. Tapes, records, discs or other similar audio, visual or data electronic devices designed for use with audio, visual or data electronic equipment.
- b. Equipment designed or used for the detection or location of radar or laser emissions.
- c. Any electronic equipment, without regard to whether this equipment is permanently installed, that receives or transmits audio, visual or data signals and that is not designed solely for the reproduction of sound.
- d. Any accessories used with the electronic equipment described in paragraph (3) above.

Care, Custody, or Control

The exclusion for care, custody or control is deleted solely with respects to any coverage provided pursuant to this endorsement.

With respects to this endorsement, **SECTION IV – LIMIT OF INSURANCE** is amended to include the following:

The most we will pay for “loss” in any one “accident” or in any one policy period for hired auto physical damage coverage is the lesser of:

1. The replacement cost of the damaged or stolen property as of the time of the “loss”; or
2. The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality; or
3. \$50,000 for any one “accident” or \$50,000 in any one policy period.

With respects to this endorsement, **SECTION V – AUTO CONDITIONS** is amended to include the following:

Duties in the Event of Accident, Claim, “Suit” or Loss

For hired “auto” physical damage coverage to apply, you must also do the following if there is a loss to a hired “auto” or its equipment:

3. Promptly notify the local police, civil guard, militia, or other appropriate local legal authority if the hired “auto” or any of its equipment is stolen.
4. Take all reasonable steps to protect the hired “auto” from further damage. Also, keep a record of your expenses for consideration in the settlement of the claim.
5. Assume no obligation, make no payment, or incur any expense other than for hired “auto” physical damage coverage without our consent, except at the insured’s own cost.

All other terms and conditions of this policy remain unchanged.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 011
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

SUPPLEMENTARY PAYMENTS (Increased Limits)

This endorsement modifies insurance provided under the following:

CONTINGENT AUTO LIABILITY COVERAGE FORM

It is agreed that:

SECTION I – LIABILITY COVERAGE, subsection b. SUPPLEMENTARY PAYMENTS – paragraphs 2. and 4. are deleted and replaced with the following:

2. Up to \$5,000 for cost of bail bonds (including bonds for related traffic law violations) required because of an “accident” we cover. We do not have to furnish these bonds.
4. All reasonable expenses incurred by the “insured” at our request, including actual loss of earnings up to \$500 a day because of time off from work.

All other terms and conditions of this policy remain unchanged.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 012
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

**WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST
OTHERS TO US (AUTO LIABILITY)**

This endorsement modifies coverage under the following:

CONTINGENT AUTO LIABILITY COVERAGE FORM

SCHEDULE

Name of Person(s) or Organization(s):

Any person or organization against whom you have agreed to waive your right of recovery in a written contract provided such contract was executed prior to the date of loss.

It is agreed that

We waive any right of recovery we may have against the person or organization shown in the Schedule above because of payments we make for injury or damage arising out of the use of a "covered auto." The waiver applies only to the person or organization shown in the Schedule.

All other terms and conditions of this policy remain unchanged.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 013
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

**AMENDMENT - EMERGENCY POLITICAL REPATRIATION AND
EMERGENCY RELOCATION**

This endorsement modifies insurance provided under the following:

EMPLOYERS RESPONSIBILITY COVERAGES WITH EXECUTIVE ASSISTANCE®

It is agreed that the limit for "Emergency Political Repatriation" and "Emergency Relocation" is amended under the Security Assistance section of EXECUTIVE ASSISTANCE® SERVICES as follows:

The most we will reimburse is \$5,000 Per "Employee" per "Insured Event" for "Emergency Political Repatriation" and \$5,000 Per "Employee" per "Insured Event" for "Emergency Relocation," subject to a policy limit of \$10,000 regardless of the number of "Insured Events".

All other terms and conditions of this policy remain unchanged.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 014
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

**AMENDMENT – VOLUNTARY COMPENSATION COVERAGE
ENDORSEMENT**

This endorsement modifies insurance under the following:

EMPLOYERS RESPONSIBILITY COVERAGES

- A. It is agreed that those policy sections titled **VOLUNTARY COMPENSATION COVERAGE** and **WE WILL PAY BENEFITS** are deleted and replaced by the following:

VOLUNTARY COMPENSATION COVERAGE

“Voluntary Compensation” coverage applies to any claim for bodily injury by accident, bodily injury by disease or bodily injury by “endemic disease” whether or not it is subject to or governed by any “workers’ compensation law”. This bodily injury must be injury to your “employee” and must arise out of and in the course of employment by you. Bodily injury includes resulting death.

1. Bodily injury by accident must occur during the Policy Period.
2. Bodily injury by disease must be caused or aggravated by the conditions of employment by you. The “employee’s” last day of exposure to the conditions causing or aggravating such bodily injury by disease must occur during the Policy Period.
3. Bodily injury by “endemic disease” must be caused by disease, which your “employee” may reasonably be thought to have contracted by being in a place as a result of employment by you. The “employee” must have been in a place where the disease contracted is known to occur. The time the “employee” was in the place where the disease occurs must have been within the Policy Period. The “employee’s” last day of exposure to the conditions causing or aggravating such bodily injury by “endemic disease” must occur during the Policy Period.

We will adjust the claim with the “employee” by applying the “workers’ compensation law” of the “state” or “country of origin” that applies. The “state” or “country of origin” must be shown in the Declarations. The workplace of the “employee” must be within the “coverage territory.” In the event an “employee” seeks and/or receives Workers’ Compensation benefits, our obligation to pay “Voluntary Compensation” to such “employee” under this policy ends.

We Will Pay Benefits

We will pay promptly the benefits which would be required of you by the “workers compensation law” of the “state” you choose when making the claim. The “state” you choose must be one which is shown in the Declarations for the following:

1. North Americans means “employees” who are citizens or “legal permanent residents” of the United States (including its territories and possessions), Puerto Rico or Canada.
2. Third Country Nationals means “employees” who are neither citizens nor “permanent residents” of the country of their workplace and who are not described as “North Americans.”
3. Local Nationals means “employees” who are citizens or “permanent residents” of the country of their workplace, but who are not described as “North Americans.”

If “State of Hire” appears after the words “North Americans” in the Declarations for Voluntary Compensation, then with respect to employees for whom you wish to provide the benefits of a “state” of the United States of America (including its territories and possessions), or Puerto Rico, but who were not hired in any of those places, the benefits will be:

1. those of the “state” which you agreed with the employee prior to the accident or the discovery of the disease; or
2. if no “state” was agreed with the employee prior to the accident or the discovery of the disease, the benefits of the specific “state” shown in the Declaration for “North Americans” as an alternative to the “state of hire”, or
3. if no “state” was agreed with the employee prior to the accident or the discovery of the disease, and no specific “state” is shown above for “North Americans”, the benefits of the “state” shown in the address of the insured on the first page of the Declarations for this policy.

If your “employee” files a claim for workers’ compensation benefits under one of the “states” shown in the Declarations, you are solely responsible for the proper administration and handling of such claim. Upon receipt of satisfactory proof of payment, we will reimburse you, or someone on your behalf, for all payments that you, or someone on your behalf, has made in connection with such claim; however, we will not reimburse you or any other person or entity for payments voluntarily made, or for payments made in whole or in part, as a result of improper or inadequate claim handling or defense.

- B. The following are added to the section titled “DEFINITIONS - ALL COVERAGES” of the Employers Responsibility Coverages form:

Legal Permanent Residents

means “employees” who are not citizens or nationals of the United States, who legally and permanently reside in the United States.

Permanent Residents

means “employees” who are not citizens of the country of their workplace and who permanently reside in the country of their workplace.

All other terms and conditions remain unchanged.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 015
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

TEMPORARY TRAVEL – 24 HOUR COVERAGE ENDORSEMENT

This endorsement modifies insurance provided under the following:

EMPLOYERS RESPONSIBILITY COVERAGES

Solely in regards to "North Americans" and "Third Country Nationals" "employees" that are covered under this coverage part and engaged in "temporary travel" while traveling in relation to your business within the "coverage territory", it is agreed that:

- I. The first section under VOLUNTARY COMPENSATION COVERAGE is deleted and replaced with the following:

VOLUNTARY COMPENSATION COVERAGE

"Voluntary compensation" coverage applies when you make a claim for bodily injury by accident, bodily injury by disease or bodily injury by "endemic disease." The bodily injury must be injury to your "employee". Bodily injury includes resulting death.

1. Bodily injury by accident must occur during the Policy Period.
2. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The "employee's" last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the Policy Period.
3. Bodily injury by "endemic disease" must be caused by disease which your "employee" may reasonably be thought to have contracted by being in a place as a result of your employment. The "employee" must have been in a place where the disease contracted is known to occur. The time the "employee" was in the place where the disease occurs must have been within the Policy Period. The "employee's" last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the Policy Period.

We will adjust the claim with the "employee" by applying the "workers compensation law" of the "state" you choose when you make the claim. The "state" whose law you choose must be one which is shown in the Declarations. The workplace of the "employee" must be within the "coverage territory."

"North Americans" and "Third Country Nationals" "employees" engaged in "temporary travel", are covered on a 24 hour basis while traveling:

1. outside of the country of their workplace; and
2. such "temporary travel" was scheduled to last no more than a total of 180 days within the past 365 days; and

3. on business travel for the named insured; and
4. in the course of the named insured's business or while on "Sojourn."

II. For the purpose of this endorsement, the following definitions apply:

- Sojourn

means personal trips taken by the "employees" on vacation days, personal days, holidays, weekend days, or business days:

1. while on the business of the named insured; and
2. within the coverage territory; and
3. not exceeding a total of fourteen days; and
4. not a result of the one or more of the following activities:
 - a. motorcycling driving, scuba diving, skiing, mountain climbing, sky diving, professional or amateur racing, bungee-cord jumping, parachuting, skydiving, parasailing, ziplining, cave tubing, or hang-gliding;
 - b. travel in or on any on-road or off-road motorized vehicle not requiring licensing as a motor vehicle;
 - c. piloting or serving as crewmember in any aircraft.

- Temporary Travel

means that:

1. For "employees" of your workplaces located in the United States of America (including its territories and possessions), and Puerto Rico, this insurance only applies to claims or suits arising from "temporary travel" in relation to your business outside of the country of their workplace.
2. For "employees" of your workplaces located outside the United States of America (including its territories and possessions), and Puerto Rico, to which this insurance applies and which are not excluded from the applicable "coverage territory" shown in the Declarations, this insurance also applies to claims or suits arising from "temporary travel" in relation to your business in the United States of America (including its territories and possessions), and Puerto Rico.
3. If you are found legally liable under the provisions of the "workers compensation law" of the "state" of an "employee's" workplace for a claim or suit arising from "temporary travel" in relation to your business outside the country of the "employee's" workplace, you may voluntarily submit such claim or suit to us and we will adjust and settle such claims or suits for all sums which you would become obligated to pay by reason of such law.

All other terms and conditions remain unchanged.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 016
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

WAR COVERAGE

This endorsement modifies insurance under the following:

EMPLOYERS RESPONSIBILITY COVERAGES FORMS

The War Exclusion under **EXCLUSION – ALL COVERAGES** is deleted, but subject to the following conditions:

A. The insurance provided under this endorsement applies only with respect to:

1. North Americans, meaning “employees” who are citizens or legal permanent residents of the United States (including its territories and possessions), Puerto Rico and;
2. Third Country Nationals, meaning “employees” who are not citizens of the country of their workplace and who are not described in 1 above.

B. TERRITORY

For the purpose of this endorsement only, the “Coverage Territory” is amended to read:
ANYWHERE IN THE WORLD but excludes:

1. The United States of America (including its territories or possessions other than Puerto Rico); and
2. any country or jurisdiction which is the subject of trade or economic sanctions imposed by the laws or regulations of the United States of America; and
3. where indicated by a ☒ in the Schedule of Excluded Countries and Jurisdictions below.

C. CANCELLATION

Coverage provided by this endorsement is subject to 10 days Notice of Cancellation, notwithstanding any cancellation clause to the contrary contained elsewhere in the Policy.

SCHEDULE OF EXCLUDED COUNTRIES AND JURISDICTIONS

<input type="checkbox"/> Afghanistan	<input type="checkbox"/> Central African Republic	<input type="checkbox"/> Haiti	<input type="checkbox"/> Kyrgyz Republic	<input type="checkbox"/> Northern Ireland	<input type="checkbox"/> Syria
<input type="checkbox"/> Algeria	<input type="checkbox"/> Colombia	<input type="checkbox"/> India	<input type="checkbox"/> Lebanon	<input type="checkbox"/> Pakistan	<input type="checkbox"/> Turkey
<input type="checkbox"/> Angola	<input type="checkbox"/> Cote d'Ivoire	<input type="checkbox"/> Indonesia	<input type="checkbox"/> Liberia	<input type="checkbox"/> Peru	<input type="checkbox"/> Uganda
<input type="checkbox"/> Bahrain	<input type="checkbox"/> Cuba	<input type="checkbox"/> Iran	<input type="checkbox"/> Libya	<input checked="" type="checkbox"/> Puerto Rico	<input type="checkbox"/> Venezuela
<input type="checkbox"/> Bosnia & Herzegovina	<input type="checkbox"/> Democratic Republic of Congo	<input type="checkbox"/> Iraq	<input type="checkbox"/> Mali	<input type="checkbox"/> Sierra Leone	<input type="checkbox"/> West Bank and Gaza
<input type="checkbox"/> Burundi	<input type="checkbox"/> Egypt	<input type="checkbox"/> Israel	<input type="checkbox"/> Niger	<input type="checkbox"/> Somalia	<input type="checkbox"/> Yemen
<input type="checkbox"/> Cambodia	<input type="checkbox"/> Ethiopia	<input type="checkbox"/> Kosovo	<input type="checkbox"/> Nigeria	<input type="checkbox"/> South Sudan	<input type="checkbox"/> Zimbabwe
<input type="checkbox"/> Canada	<input type="checkbox"/> Guinea-Bissau	<input type="checkbox"/> Kuwait	<input type="checkbox"/> North Korea	<input type="checkbox"/> Sudan	
<input checked="" type="checkbox"/> Other(s):None					

All other terms and conditions of this policy remain unchanged.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 017
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

CARGO COVERAGE

This endorsement modifies insurance provided under the following:

INTERNATIONAL ADVANTAGE® COMMERCIAL PROPERTY COVERAGE FORM

Schedule of Cargo Covered Property

Goods , (hereinafter "Goods").

Notwithstanding anything to the contrary contained in the Policy and subject to the limitations provided by this endorsement, this insurance applies to direct physical loss or damage to Goods scheduled above while in the course of transit by Conveyance within the Coverage Territory.

Limit of Insurance

The Limit of Insurance and Deductible for this endorsement are as follows:

1. \$50,000 is the maximum Limit of Insurance for any one Occurrence
2. \$1,000 deductible for any one Occurrence

The Limit of Insurance is the most we will pay for loss of or damage to covered Goods while on any one Conveyance or at any one location, in the course of shipment.

Duration of Insurance

Under this extension of coverage, we will only cover Goods during the period for which the contract of carriage is governed by international airway bills, bills of lading, or similar documentation issued in terms of COGSA (Carriage of Goods by Sea Act) or its current foreign equivalent. Shipment of covered Goods must commence within the Policy Period.

Coverage Territory

For the purposes of this endorsement, the Coverage Territory is anywhere in and in transit within and between anywhere in the world, excluding any country or jurisdiction which is the subject of trade or economic sanctions imposed by the laws or regulations of the United States of America.

Goods Insured/Insurable Interest

We will only cover Goods lawfully shipped by you for your own account as principal or agent for others, or to you for your own account as principal or agent for others. You must have an insurable interest in the covered Goods as defined under Incoterms.

Valuation

Import Goods shall be valued at landed cost. Export Goods shall be valued at selling price.

General Average and Salvage

We will pay general average and salvage charges payable according to United States law and usage and/or foreign statement and/or York-Antwerp Rules (as prescribed in whole or in part) if in accordance with the contract of carriage. However, we will be liable for only such proportion of general average and salvage charges as the amount declared for insurance purposes (less particular average for which we are liable hereunder, if any) bears to the contributory value of the property hereby insured, but in no event to exceed the applicable Limit of Insurance.

Deductible

We will subtract the amount of the Deductible from the amount of your loss. We will only pay for a loss when it is in excess of the Deductible.

No deductible applies to general average contributions and salvage charges.

Reports of Values

You agree to give us an accurate accounting of the value of Goods and the number of shipments made during the Policy Period no later than 60 days after the end of each policy year.

Premium Adjustment

You agree to pay us the amount by which the Premium for reported shipments exceeds the deposit premium for cargo.

Additional Definition

Conveyance means coverage will only attach on Goods shipped by metal-hulled self-propelled vessels in liner trade or certified aircraft, including shipment on all connecting conveyances.

All other terms and conditions of this policy remain unchanged.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 018
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

COINSURANCE ENDORSEMENT

This endorsement modifies insurance provided under the following:

INTERNATIONAL ADVANTAGE® COMMERCIAL PROPERTY COVERAGE FORM

Section **VI LOSS ADJUSTMENT AND SETTLEMENT** paragraph **D. VALUATION** sub-paragraph 2. **Coinsurance** is hereby deleted.

All other terms and conditions of this policy remain unchanged.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 019
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

**ELECTRONIC DATA EXCLUSION
(Named Perils Exception)**

This endorsement modifies insurance provided under the following:

**INTERNATIONAL ADVANTAGE®
COMMERCIAL PROPERTY COVERAGE FORM**

The following exclusions and provisions are added to this policy; supersede any term, provision or endorsement to the contrary in this policy; and apply notwithstanding such term, provision or endorsement:

1. This policy does not insure against loss, damage, destruction, distortion, erasure, corruption, alteration, diminishment in value, or loss of use or usefulness of:
 - A. Electronic Data by any cause whatsoever (including but not limited to Computer Virus); or
 - B. Electronic Media and Computers caused by or resulting from the loss, damage, destruction, distortion, erasure, corruption, alteration, diminishment in value, or loss of use or usefulness of Electronic Data;regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, destruction, distortion, erasure, corruption, alteration, diminishment in value, or loss of use or usefulness of Electronic Data, Electronic Media or Computers.

This exclusion does not apply to loss or damage of Electronic Data, Electronic Media and Computers caused by or resulting from the perils of fire, explosion, Named Windstorm, hail, smoke, Riot, Strike and Civil Commotion, vehicle or aircraft impact or collision, willful or malicious physical loss or damage by means other than a Computer Virus, falling objects, weight of snow, ice or sleet, water damage, building glass breakage, sonic boom, sprinkler leakage, sinkhole collapse, Flood, Earth Movement or volcanic action, if and to the extent such perils are already covered by this or by any underlying policy.
2. This Policy does not insure any amount pertaining to the value of such Electronic Data to the insured or any other party, even if such Electronic Data cannot be recreated, gathered or assembled.
3. The basis for valuation of Electronic Media or Electronic Data will be as follows:
 - A. Electronic Media or Electronic Data shall be valued at the cost of blank media plus the costs of copying or restoring Electronic Data from back-up or from originals of a previous generation, not including research and engineering or the costs or expense of recreating, gathering or assembling such Electronic Data.
 - B. If not repaired, replaced or restored, Electronic Media shall be valued at the cost of the blank media.

All other terms and conditions of this policy remain unchanged.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 020
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

EXCLUSION - TERRORISM - WAR

This endorsement modifies insurance provided under the following:

**INTERNATIONAL ADVANTAGE®
COMMERCIAL PROPERTY COVERAGE FORM**

It is agreed that:

1. The following exclusion is added to the Policy:

- This policy does not insure against loss, damage, injury, expense, cost or legal obligation caused directly or indirectly by, resulting from or arising out of or in any way related to:
 1. War, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not), civil war.
 2. Mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power.
 3. Any "act of terrorism", including any action taken in hindering or defending against an actual or expected "act of terrorism", regardless of any other cause contributing concurrently or in any other sequence to the loss, damage, cost or expense. However, with respect to an "act of terrorism" that is committed in the United States of America (including its territories and possessions and Puerto Rico), this exclusion does not apply to an "act of terrorism" that did not result in losses insured under the federal Terrorism Risk Insurance Act ("Act") in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Act.

In the event of an "act of terrorism" that is not subject to this exclusion, coverage does not apply to any injury, damage, loss, cost, expense, liability, claim, or obligation that is otherwise excluded under this Coverage Form.

4. Confiscation, requisition, sequestration, nationalization or similar action.
5. Risks of contraband or illegal trade.

In any action, suit or other proceedings, where the Company alleges by reason of the provisions of this exclusion that any loss or damage is not covered by this insurance, the burden of proving that such loss or damage is covered shall be upon the insured.

2. The following definition is added to the Policy:

- **Act of terrorism**

Means a violent act or an act that is dangerous to human life, property or infrastructure that is committed by an individual or individuals and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion. Multiple incidents of an "act of terrorism" which occur within a seventy-two (72) hour period and appear to be carried out in concert or to have a related purpose or common leadership shall be considered to be one incident.

All other terms and conditions of this policy remain unchanged.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 021
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

**EXCLUSION OF LOSS DUE TO VIRUS, BACTERIA OR MICROORGANISM
THAT INDUCE PHYSICAL DISTRESS, ILLNESS OR DISEASE**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**INTERNATIONAL ADVANTAGE®
COMMERCIAL PROPERTY COVERAGE FORM**

The following exclusion is added to this policy; supersedes any term, provision or endorsement to the contrary in this policy; and applies notwithstanding such term, provision or endorsement:

This Policy excludes any and all loss, damage, cost, or expense of any nature whatsoever directly or indirectly caused by or resulting from the following, regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence thereto:

Any virus, bacteria or other microorganism that induces or is capable of inducing physical distress, illness or disease, or the fear or threat (whether actual or perceived) of any such virus, bacteria or microorganism, including any and all loss directly or indirectly caused by any action or inaction of the insured or any action or order of a government undertaken in response to, or intended to detect, control, prevent, suppress, mitigate or remediate, the actual, suspected, or anticipated presence of any virus, bacteria or other microorganism that induces or is capable of inducing physical distress, illness or disease.

This exclusion does not apply to loss or damage caused by or resulting from moss or fungus (including mold and mildew), or any mycotoxins, spores, scents, or other by-products of fungi, if such loss or damage, including any exclusion thereof, is addressed in a separate provision elsewhere in this Policy.

This exclusion supersedes any exclusion relating to pollutants or contaminants.

Other policy provisions excluding coverage of loss due to virus, bacteria, or microorganism of a type other than that which induce or are capable of inducing physical distress, illness or disease remain in full force and effect.

All other terms and conditions of the policy remain unchanged.

Authorized Representative

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 022
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

GOVERNMENT ACTIVITY ENDORSEMENT

This endorsement modifies insurance provided under the following:

INTERNATIONAL ADVANTAGE® COMMERCIAL PROPERTY COVERAGE FORM

Schedule of Government Activity Covered Property

Personal Property while at exhibitions, trade fairs or trade shows
Personal Property in the custody of any one outside salesperson
Salesperson's samples and Trade Fair Exhibition materials

Notwithstanding anything to the contrary contained in the Policy, and subject to the limitations provided by this endorsement, this insurance applies to direct physical loss or damage to Covered Property scheduled above caused directly or indirectly by Government Activity.

Limits of Insurance

The Limits of Insurance and deductible for this endorsement is as follows:

1. \$50,000 is the maximum Limit of Insurance in any one Occurrence in any one country for all Covered Property scheduled above.
2. \$1,000 deductible for any one Occurrence

Valuation Personal Property covered under this endorsement will be valued at Book Value.

For the purposes of this endorsement, the following definitions are added:

Book Value means historical cost less accumulated depreciation, as reflected in the insured's most recent financial reports to the date of loss.

Government Activity means:

1. the seizure or destruction of property by any government body, including any customs or quarantine action; or
2. confiscation or destruction of property by order of any government or public authority;

3. any direct or indirect loss that results from 1. or 2. above, even if the resulting loss would otherwise be covered;

However, the insurance afforded by this endorsement does not apply to loss of Personal Property in:

Afghanistan, Bangladesh, Croatia, Czech Republic, Ethiopia, Kazakhstan, Laos, Pakistan, Russia, Sri Lanka, Syria, Turkmenistan, Ukraine, Uzbekistan.

All other terms and conditions of this policy remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 023
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

**IMPAIRMENT OF COMPUTER SERVICES - MALICIOUS PROGRAMMING
COVERAGE ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**ACE INTERNATIONAL ADVANTAGE®
COMMERCIAL PROPERTY COVERAGE FORM**

The following terms and conditions are hereby added to this Coverage Form:

I. COVERAGE

A. Impairment of Computer Services – Inside Attack

This Coverage Form covers the Electronic Data Recovery Costs and the Extra Expense incurred by the Insured during the Period of Recovery of Computer Service due to the actual impairment of the Insured's operations caused by or resulting from actual loss to Electronic Data or a System due to Malicious Programming by an Insider.

The most the Company will pay for the sum of Electronic Data Recovery Costs and Extra Expense due to Malicious Programming by an Insider is \$100,000 per Occurrence excess applicable deductible(s), subject to a term aggregate of \$100,000.

B. Impairment of Computer Services – Outside Attack

This Coverage Form covers the Electronic Data Recovery Costs and the Extra Expense incurred by the Insured during the Period of Recovery of Computer Service due to the actual impairment of the Insured's operations caused by or resulting from actual loss to Electronic Data or a System due to Malicious Programming by an Outsider.

The most the Company will pay for the sum of Electronic Data Recovery Costs and Extra Expense due to Malicious Programming by an Outsider is \$10,000 per Occurrence excess applicable deductible(s), subject to a term aggregate of \$50,000.

II. EXCLUSIONS

- A.** In addition to the Exclusions set forth in Section **II.B.** and **D.** of this Coverage Form, the following exclusion is hereby added to this Coverage Form:

Random or Multiple Attack

This insurance does not apply to loss caused by or resulting from any Malicious Programming which:

1. is not specifically directed at a System;
2. is designed or intended to affect more than one computer system or network; or
3. actually affects more than one computer system or network.

This exclusion shall not apply to Malicious Programming by an Outsider.

- B.** The exclusions set forth in Section **II.D**, paragraphs **2.j.** of this Coverage Form shall not apply to Malicious Programming by an Insider.
- C.** The exclusions set forth in Section **II.D**, paragraph **5.** of this Coverage Form shall not apply to the extent of the coverage provided by this endorsement.

III. Conditional Exclusion

If a system is protected by Security Software, the Insured is required to maintain and, as necessary, upgrade (at the Insured's own cost) such software so that it provides a technologically credible level of security. Loss caused by Malicious Programming is excluded if, prior to the Malicious Programming, the Insured:

1. knew of any defect or deficiency in the Security Software and failed to correct it;
2. failed to maintain the Security Software in complete working order; or
3. knew of any technologically credible upgrades to the Security Software that could have prevented the Malicious Programming, and failed to make them.

IV. DEFINITIONS

For purposes of the coverages provided by this endorsement, the following definitions are hereby added to the Coverage Form:

- A.** "Electronic Data Recovery Costs" shall mean the reasonable and necessary costs incurred by the Insured to:

1. copy, re-create, replace or retrieve Electronic Data owned or used by the Insured, or which resides on a System owned or leased by the Insured; and
2. restore a System owned or leased by the Insured to the functionality that existed prior to the Malicious Programming.

"Electronic Data Recovery Costs" does not include the cost to repair or replace any property or Electronic Data that incurs physical loss or damage.

- B.** "Insider" shall mean a person, organization or computer that the Insured has expressly authorized to access a System.

1. "Malicious Programming" shall mean an illegal or malicious entry into Electronic Data or a System which results in functions that distort, corrupt, manipulate copy, delete, destroy, or slow down such Electronic Data or System.

"Malicious Programming" does not mean:

1. theft of telephone services; or
2. physical loss or damage to any property or Electronic Data.

- C.** "Outsider" shall mean a person, organization or computer not authorized by the Insured to access a System.

- D.** "Period of Recovery of Computer Service" shall mean the period of time that begins immediately after the Malicious Programming occurs and ends the earlier of the following:

1. the date the Insured's operations are restored, with due diligence and dispatch, to the condition that would have existed had there been no Malicious Programming; or
2. sixty (60) days after the date the Insured restores, with due diligence and dispatch, a System to the functionality that existed prior to the Malicious Programming.

In determining the condition of operations that would have existed had there been no Malicious Programming, no consideration will be given to unfavorable market conditions or competitive advantage gained by others as a result of such Malicious Programming.

- E. "Security Software" shall mean software or other computer applications or programming principally designed to detect, prevent or mitigate Malicious Programming.
- F. "System" shall mean a computer and all input, output, processing, storage, off-line media library, and communication facilities which are connected to such computer, provided such computer and facilities are:
 - 1. owned and operated by the Insured;
 - 2. leased and operated by Insured; or
 - 3. utilized by the Insured pursuant to a written contract.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 024
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

INFLATION GUARD

This endorsement modifies insurance provided under the following:

INTERNATIONAL ADVANTAGE® COMMERCIAL PROPERTY COVERAGE FORM

If a Covered Cause of Loss occurs to Covered Property, the Limit of Insurance will be increased by the annual percentage of 12 percent calculated as follows:

1. The limit of insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the limit of Insurance, times;
2. The percentage of annual increase, 12 percent expressed as a decimal (example: 12 percent is 0.12), times;
3. The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance divided by 365.

Example: If: The applicable Limit of Insurance is \$100,000. The annual percentage increase is 12 percent. Number of days since the last policy change is 146.

The amount of increase in value is: $\$100,000 \times 0.12 \times 146 / 365 = \$4,800$

This provision is for the current Policy Period only. Limits of Insurance for subsequent policy periods will not be increased by this provision. You must declare higher Limits of Insurance each renewal if you desire to accumulate inflation changes in values from policy period to policy period.

All other terms and conditions of this policy remain unchanged.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 025
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

LAPTOP AND/OR THEFT DEDUCTIBLE

This endorsement modifies coverage under the following:

INTERNATIONAL ADVANTAGE® COMMERCIAL PROPERTY COVERAGE FORM

Section I. E. Deductibles 1. Policy Deductible(s) a. is amended to include the following deductible(s):

- | | | | |
|-------------------------------------|-------------------|---------|----------------|
| <input checked="" type="checkbox"/> | Laptop Deductible | \$2,500 | per Occurrence |
| <input type="checkbox"/> | Theft Deductible | \$ | per Occurrence |

All other terms and conditions of this policy remain unchanged.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 026
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

MONEY AND SECURITIES ENDORSEMENT

This endorsement modifies insurance provided under the following:

INTERNATIONAL ADVANTAGE® COMMERCIAL PROPERTY COVERAGE FORM

SECTION II PROPERTY DAMAGE B. PROPERTY EXCLUDED paragraph 1. shall not apply to the extent coverage is provided by **SECTION II PROPERTY DAMAGE C. ADDITIONAL COVERAGES** paragraph 21. **Money and Securities.**

All other terms and conditions of this policy remain unchanged.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 027
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

SUB-LIMITS OF LIABILITY ENDORSEMENT

This endorsement modifies insurance provided under the following:

**INTERNATIONAL ADVANTAGE®
COMMERCIAL PROPERTY COVERAGE FORM**

SECTION I. PROVISIONS APPLICABLE TO ALL COVERAGES – C. LIMITS OF LIABILITY AND SUB-LIMITS OF LIABILITY - 2. Sub-limits of Liability Paragraph a. is amended as follows:

Except as noted below the SUB-LIMITS OF LIABILITY shown in Item VI.B. of the Declarations apply as shown, and are referred to individually as a "Sub-Limit of Liability". All Sub-limits of Liability are included within, and are not in addition to, the Per Occurrence LIMIT OF LIABILITY shown in Item VI.A. of the Declarations (hereinafter, the "Occurrence Limit"). Sub-Limits of Liability do not increase the Occurrence Limit, or any other Sub-Limit of Liability.

The following SUB-LIMITS OF LIABILITY apply in addition to the Per Occurrence LIMIT OF LIABILITY shown in item VI. of the INTERNATIONAL ADVANTAGE COMMERCIAL PROPERTY DECLARATIONS.

COVERAGE	SUB-LIMIT OF LIABILITY	Per Occurrence, Term Aggregate, or other
Neighbor's Recourse and Tenant's Liability	\$2,500,000	Per Occurrence

All other terms and conditions of this policy remain unchanged.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 028
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

SUPPLEMENTAL COVERAGE ENDORSEMENT

This endorsement modifies insurance provided under the following:

INTERNATIONAL ADVANTAGE® COMMERCIAL INSURANCE POLICY COMMERCIAL PROPERTY COVERAGE FORM

- I.** For purposes of the Blanket Limit of Liability shown and described in the **SUPPLEMENTAL LIMITS OF LIABILITY ENDORSEMENT** attached to and forming part of this policy, the following coverages are hereby extended or added to this Coverage Form. Unless shown to the contrary herein, or except to the extent of any conflict with the coverage expressly provided herein (in which case the provisions of this endorsement shall prevail), the following coverages shall be subject to all exclusions and limitations set forth in the Coverage Form or as such exclusions and limitations have been modified by endorsement elsewhere in this policy.

A. ELECTRONIC DATA PROCESSING PROPERTY LOCATION COVERAGE

1. Location coverage

This policy covers direct physical loss or damage to "Electronic Data Processing Property" while located at, or within 1,000 feet of, a location listed on the Schedule of Insured Locations caused by or resulting from a Covered Cause of Loss.

2. Limit of Liability

The most the Company will pay for this Location Coverage is the Blanket Limit of Liability and subject to the Insured's apportionment of that limit, as set forth in the Supplemental and Amended Limits of Liability Endorsement.

3. Definitions

For purposes of this Location Coverage, the following definitions are added:

- a. "Electronic Data Processing Property" means Electronic Data, Electronic Data Processing Equipment, Communication Property, and Mobile Communication Property.
- b. "Electronic Data" means software, data or other information that is in electronic form.
- c. "Electronic Data Processing Equipment" means computers and computer peripherals except computers and computer peripherals that have been sold, are held for sale or distribution, or are in the course of manufacture; climate control and protection equipment used solely for electronic data processing operations; separately identifiable and removable component computer devices that are attached to covered property and are designed to control such property, but not the property itself; and blank media.
- d. "Communication Property" means analog or digital communication equipment or other equipment used to interactively communicate with others through voice, picture, video or writing, that the Insured owns or is in the Insured's care, custody or control.
- e. "Mobile Communication Property" means cellular telephones, laptop computers, pagers, personal digital assistants, mobile hand held global positioning systems, and other hand held communication devices.

B. LEASEHOLD INTEREST IN UNDAMAGED TENANT'S IMPROVEMENTS OR BETTERMENTS LOCATION COVERAGE

1. Location coverage

This policy covers the value of undamaged Tenant's Improvements and Betterments when the Insured's lease is canceled by the lessor pursuant to a valid condition of the Insured's lease, due to direct physical loss or damage to covered property consisting of building or personal property while at a location listed on the Schedule of Insured Locations caused by or resulting from a Covered Cause of Loss.

2. Limit of Liability

The most the Company will pay for this Location Coverage is the Blanket Limit of Liability and subject to the Insured's apportionment of that limit, as set forth in the Supplemental and Amended Limits of Liability Endorsement.

3. Definitions

For purposes of this Location Coverage, the following definition is added:

"Tenant's Improvements and Betterments" means fixtures, alterations, installations or additions:

- a. Made a part of the building the Insured occupies but does not own; and
- b. The Insured acquires or makes at the Insured's own expense but cannot legally remove.

"Tenant's improvement and betterments" does not include:

- a. land, water or air, either inside or outside of a structure;
- b. paved or concrete surfaces;

- c. retaining walls;
- d. foundations or supports below the surface of the lowest floor or basement;
- e. outdoor trees, shrubs, plants or lawns; or
- f. growing crops.

C. NON-OWNED DETACHED TRAILERS LOCATION COVERAGE

1. Location coverage

This policy covers direct physical loss or damage to Non-Owned Detached Trailers while located at, or within 1,000 feet of, a location listed on the Schedule of Insured Locations caused by or resulting from a Covered Cause of Loss.

2. Limit of Liability

The most the Company will pay for this Location Coverage is the Blanket Limit of Liability and subject to the Insured's apportionment of that limit, as set forth in the Supplemental And Amended Limits of Liability Endorsement.

3. Definitions

For purposes of this Location Coverage, the following definition is added:

"Non-Owned Detached Trailers" means trailers that the Insured does not own that are used in the Insured's business and are in the Insured's care, custody or control.

"Non-owned Detached Trailers" does not mean trailers:

- a. Attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion; or
- b. During hitching or unhitching operations, or when trailers become accidentally unhitched from a motor vehicle or motorized conveyance.

D. PERSONAL PROPERTY OF EMPLOYEES LOCATION COVERAGE

1. Location Coverage

This policy covers direct physical loss or damage to Personal Property of Employees while located at, or within 1,000 feet of, a location listed on the Schedule of Insured Locations caused by or resulting from a Covered Cause of Loss.

2. Limit of Liability

The most the Company will pay for this Location Coverage is the Blanket Limit of Liability and subject to the Insured's apportionment of that limit, as set forth in the Supplemental and Amended Limits of Liability Endorsement.

3. Definitions

For purposes of this Location Coverage, the following definition is added:

“Personal Property of Employees” means personal property owned or leased by the Insured’s employees and in the Insured’s care, custody or control.

“Personal Property of Employees” does not mean:

- a. buildings;
- b. outdoor trees, shrubs, plants or lawns;
- c. trailers;
- d. contractors’ machinery and equipment, including accessories, tools and spare parts for such machinery and equipment, usual to the Insured’s business, which the Insured or its employees own, lease or borrow, and for which the Insured or its employees are legally liable;
- e. Electronic Data;
- f. money or securities;
- g. contraband or personal property in the course of illegal transportation or trade;
- h. Mobile Communication Property; and
- i. any property otherwise excluded by section **II.D.** of the coverage form.

E. RESEARCH AND DEVELOPMENT PROPERTY LOCATION COVERAGE

1. Location coverage

This policy covers:

- a. direct physical loss or damage to Research and Development Property while located at, or within 1,000 feet of, a location listed on the Schedule of Insured Locations caused by or resulting from a Covered Cause of Loss; and
- b. the necessary and reasonable additional costs incurred to repair or replace Research and Development Property that has been lost or damaged by a Covered Cause of Loss. These additional costs must be in excess of the cost the Insured would otherwise incur to repair or replace lost or damaged Research and Development Property in order to meet the Insured’s last scheduled introduction date (prior to loss or damage) for any new product which is based on such Research and Development Property.

2. Limit of Liability

The most the Company will pay for this Location Coverage is the Blanket Limit of Liability and subject to the Insured’s apportionment of that limit, as set forth in the Supplemental and Amended Limits of Liability Endorsement.

3. Definitions

- a. For purposes of this Location coverage, the following definitions are added:

“Research and Development Property” means:

- 1) written, printed or inscribed documents, plans, records or formulas;
- 2) processes or cultures and resulting products, samples or other materials produced by such processes or cultures; and
- 3) prototypes, if produced and directly associated with the Insured’s Research and Development Operations.

“Research and Development Property” does not mean:

- 1) animals;
- 2) money or securities;
- 3) property held for sale or held for delivery after sale;
- 4) goods manufactured by the Insured that are in their completed state and ready for sale; or
- 5) mobile communication property.

- b. “Research and Development Operations” means the Insured’s business activities occurring at an Insured Location, which are directly related to the development of new products or enhancement of existing products.

II. In addition to the exclusions set forth in Section **II. PROPERTY DAMAGE**, paragraph **D. EXCLUSIONS**, the following exclusions apply to all Location Coverages to which the Blanket Limit of Liability applies, as described in the Supplemental and Amended Limits of Liability Endorsement, unless otherwise stated below.

A. Acts Or Decisions

This insurance does not apply to loss or damage caused by or resulting from acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

This Acts Or Decisions exclusion does not apply to ensuing loss or damage caused by or resulting from a Covered Cause of Loss.

B. Business Errors

This insurance does not apply to loss or damage caused by or resulting from errors in the altering, calibrating, constructing, developing, distributing, installing, manufacturing, maintaining, processing, repairing, researching, or testing Electronic Data Processing Property.

This Business Errors exclusion does not apply to:

1. ensuing loss or damage caused by or resulting from a Covered Cause of Loss; and
2. Accounts Receivable or Valuable Papers.

C. Electric Arcing

This insurance does not apply to loss or damage caused by or resulting from electric arcing or any other artificially generated current that disturbs electrical devices, appliances or wires.

This Electric Arcing exclusion does not apply to:

1. ensuing loss or damage caused by or resulting from fire, if the fire would be covered under this insurance; or
2. Accounts Receivable, Fine Arts or Valuable Papers.

D. Fungus

This insurance does not apply to loss or damage:

1. which is “fungus”;
2. which is in any way attributable to the presence of “fungus”; or
3. which is caused by or resulting from “fungus”, regardless of any other cause or event that directly or indirectly contributes concurrently to or contributes in any sequence to the loss or damage, even if such other cause or event would otherwise be covered.

This Fungus exclusion does not apply:

1. when the presence of fungus results from explosion; fire; leakage from fire protection equipment; or lightning; or
2. to Accounts Receivable, Fine Arts, Research And Development Property or Valuable Papers

E. Malicious Programming

This insurance does not apply to loss or damage caused by or resulting from “Malicious Programming”, regardless of any other cause or event that directly or indirectly contributes concurrently to or contributes in any sequence to the loss or damage, even if such other cause or event would otherwise be covered.

For the purposes of this exclusion, the following definitions are added:

1. “Malicious Programming” means an illegal entry into “Electronic Data” or a “System” which results in functions that distort, corrupt, manipulate, copy, delete, destroy or slow down such Electronic Data or System.
2. “System” means a computer and all input, output, processing, storage, off-line media library, and communication facilities which are connected to such computer, provided such computer facilities are owned and operated by you; leased and operated by you; or utilized by you pursuant to a written contract.

F. Mechanical Breakdown

This insurance does not apply to loss or damage caused by or resulting from mechanical breakdown, including rupture or bursting caused by centrifugal force.

This Mechanical Breakdown exclusion does not apply to:

1. ensuing loss or damage caused by or resulting from fire or elevator collision, if fire or elevator collision would be covered under this insurance; or
2. Accounts Receivable, Fine Arts, Research And Development Property or Valuable Papers.

G. Programming Errors

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

1. Errors or omissions in the development of, programming of, or instructions to Electronic Data Processing Property or a machine; or
2. Electronic Data which is faulty, inadequate or defective for the use intended at the time of loss or damage.

This Programming Errors exclusion does not apply to:

1. ensuing loss or damage caused by or resulting from a Specified Peril; or
2. Accounts Receivable, Fine Arts, Research And Development Property or Valuable Papers.

H. Steam Boiler

This insurance does not apply to loss or damage caused by or resulting from explosion of any steam boiler, steam pipe, steam turbine or steam engine owned or leased by the Insured or operated under the Insured's control.

This Steam Boiler exclusion does not apply to:

1. ensuing loss or damage caused by or resulting from fire or combustion explosion, if fire or combustion explosion would be covered under this insurance; or to loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass, if explosion would be covered under this insurance; or
2. Accounts Receivable, Fine Arts, or Valuable Papers.

I. Utility Supply Failure

This insurance does not apply to loss or damage caused by or resulting from suspension or reduction of water services; electrical or other power services; natural gas or other fuel services; or internet or other communication services, regardless of any other cause or event that contributes concurrently to, or contributes in any sequence to, the loss or damage, even if such other cause or event would otherwise be covered.

This Utility Supply Failure exclusion does not apply:

1. If the suspension or reduction of such services is the direct result of direct physical loss or damage caused by or resulting from a Covered Cause of Loss; or
2. To ensuing loss or damage caused by resulting from the following perils: aircraft or self-propelled missiles, explosion, fire, leakage from fire protection equipment, lightning, mine subsidence, riot or civil commotion, sinkhole collapse, smoke vandalism, vehicles or windstorm or hail.

All other terms and conditions of this policy remain unchanged.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 029
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

SUPPLEMENTAL LIMITS OF LIABILITY ENDORSEMENT

This endorsement modifies coverage under the following:

INTERNATIONAL ADVANTAGE COMMERCIAL PROPERTY COVERAGE FORM

The following changes are hereby made to this coverage form, supersede any term, provision or endorsement to the contrary in this coverage form, and apply notwithstanding such term, provision or endorsement:

Blanket Limit of Liability

- A.** The Blanket Limit of Liability shall be \$250,000 and applies only to the following coverages (hereinafter "Location Coverages"):

Accounts Receivable
Electronic Data Processing Property
Fine Arts
Landscaping Improvements
Leasehold Interest
Leasehold Interest In Undamaged Tenant's Improvements and Betterments
Non-Owned Detached Trailers
Consequential Reduction in Value (pairs and sets)
Personal Property of Employees
Protection and Preservation of Property
Research and Development Property
Valuable Papers

B. How the Blanket Limit of Liability Applies

1. Unless otherwise stated, this Blanket Limit of Liability applies separately at each location set forth on the Schedule of Insured Locations made part of this Coverage Form. This Blanket Limit of Liability applies in excess of the applicable deductible(s) shown in the Declarations or elsewhere in this Coverage Form or endorsements hereto.
2. At the time of loss, the Named Insured may elect to apportion this Blanket Limit of Liability to one or any combination of Location Coverages, but under no circumstances will the aggregate apportionment be permitted to exceed the Blanket Limit of Liability at any one location. For the purpose of the apportionment of this Blanket Limit of Liability, all Covered Property at one location shall constitute a single location.
3. Separate limits or sub-limits of liability may be provided for each of these Location Coverages. Such limits or sub-limits of liability and any applicable deductible will be shown in the Declarations or by endorsement to this coverage form. If no deductible is specifically shown in the Declarations or other endorsement for such Location Coverage, then the Per Occurrence deductible set forth in Section **VII. Deductibles** of the Declarations will apply. When a separate sub-limit of liability is set forth in the Declarations for any Location Coverages, such sub-limit of

liability will apply in addition to whatever amount of the Blanket Limit of Liability the Named Insured elects to apportion to that coverage at the time of loss, as provided in paragraph B.2, above.

4. The Blanket Limit of Liability applies separately from and in addition to the Limits and Sub-Limits of Liability shown in the Declarations. Loss or damage may simultaneously be covered under (a) a Location Coverage, to which the Blanket Limit of Liability shall apply, and (b) any other applicable coverage provision of the Coverage Form, to which the corresponding Limit or Sub-Limit of Liability shown in the Declarations or other endorsement to this policy shall apply.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 030
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

FORGERY OR ALTERATION COVERAGE

This endorsement modifies insurance provided under the following:

INTERNATIONAL ADVANTAGE® EMPLOYEE DISHONESTY COVERAGE FORM

The following coverage is added as an additional coverage to the coverage provided by the Employee Dishonesty Coverage Form. This additional coverage is subject to all the Exclusions, Conditions, and Definitions of the Employee Dishonesty Coverage Form and

Limit of Liability: \$50,000 and Deductible: \$1,000

COVERAGE

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

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

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

LIMIT OF INSURANCE

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

DEDUCTIBLE

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

ADDITIONAL EXCLUSION, CONDITIONS AND DEFINITION

In addition to the provisions in the Employee Dishonesty Coverage Form, this Coverage Form is also subject to the following:

1. Additional Exclusion:

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

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

2. Additional Conditions:

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

3. Additional Definition:

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

All other terms and conditions of this policy remain unchanged.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 031
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

COVERAGE TERRITORY ENDORSEMENT

This endorsement modifies insurance provided under (if a check mark is shown):

- ☐ **COMMERCIAL GENERAL LIABILITY COVERAGE FORM and LIABILITY COVERAGES DECLARATIONS**
- ☒ **CONTINGENT AUTO LIABILITY COVERAGE FORM and LIABILITY COVERAGES DECLARATIONS**
- ☒ **EMPLOYERS RESPONSIBILITY COVERAGES and EMPLOYERS RESPONSIBILITY COVERAGES DECLARATIONS**

It is agreed that:

1. The **COVERAGE TERRITORY FOR LIABILITY COVERAGES** Item of the **LIABILITY COVERAGES DECLARATIONS** is deleted in its entirety and replaced by the following:

COVERAGE TERRITORY FOR LIABILITY COVERAGES

The Coverage Territory for **COMMERCIAL GENERAL LIABILITY COVERAGE** and **EMPLOYEE BENEFITS COVERAGE** means:

ANYWHERE IN THE WORLD but excluding the United States of America (including its territories and possessions); and except as otherwise limited or extended by this insurance. The Coverage Territory also excludes:

- ☒ Puerto Rico
- ☐ Canada
- ☒ Other: Not Applicable

Notwithstanding the above, the Coverage Territory includes the following territories:

- ☐ Guam
- ☐ United States Virgin Islands (USVI)
- ☒ Other: Not Applicable

The Coverage Territory for **CONTINGENT AUTO LIABILITY COVERAGE** means:

ANYWHERE IN THE WORLD but excluding the United States of America (including its territories and possessions); and except as otherwise limited or extended by this insurance. The Coverage Territory also excludes:

- ☒ Puerto Rico
- ☐ Canada
- ☒ Other: Not Applicable

Notwithstanding the above, the Coverage Territory includes the following territories:

- ☐ Guam
- ☐ United States Virgin Islands (USVI)
- ☒ Other: Not Applicable

In jurisdictions where we may be prevented by law or otherwise from paying on behalf of or defending the "Insured" we will:

- a. indemnify the "insured" for those sums that the "insured" becomes legally obligated to pay as damages to which this insurance applies and
- b. pay the cost of defense and aid and manage the "insured's" defense.

2. **SECTION V – DEFINITIONS of the COMMERCIAL GENERAL LIABILITY COVERAGE FORM** is amended as follows:

Definition 7. "Coverage territory" is deleted in its entirety and replaced by the following:

7. "Coverage territory means Coverage Territory for Liability Coverages shown in the section titled COVERAGE TERRITORY FOR LIABILITY COVERAGES on page 1 of this endorsement.

The "coverage territory" also includes:

- a. International waters or air space, provided the injury or damage does not occur in the course of travel or transportations from one place to another when both places are not within the Coverage Territory for Liability Coverages as shown in the section titled **COVERAGE TERRITORY FOR LIABILITY COVERAGES** on page 1 of this endorsement; and
- b. The United States of America (including its territories and possessions) if the "insured's" responsibility to pay damages is determined in a "suit" on the merits in any country within the Coverage Territory for Liability Coverages as shown in the section titled **COVERAGE TERRITORY FOR LIABILITY COVERAGES** on page 1 of this endorsement.

3. **SECTION VI – DEFINITIONS of the CONTINGENT AUTO LIABILITY FORM** is amended as follows:

Definition E. "Coverage Territory" is deleted in its entirety and replaced by the following:

E. "Coverage Territory" means Coverage Territory for Liability Coverages shown in the section titled **COVERAGE TERRITORY FOR LIABILITY COVERAGES** on page 1 of this endorsement.

The "coverage territory" also includes:

- a. International waters or air space, provided the injury or damage does not occur in the course of travel or transportations from one place to another when both places are not within the Coverage Territory for Liability Coverages as shown in the section titled **COVERAGE TERRITORY FOR LIABILITY COVERAGES** on page 1 of this endorsement; and
- b. The United States of America (including its territories and possessions) if the "insured's" responsibility to pay damages is determined in a "suit" on the merits in any country within the Coverage Territory for Liability Coverages as shown in the section titled **COVERAGE TERRITORY FOR LIABILITY COVERAGES** on page 1 of this endorsement.

4. The Coverage Territory for Employers Responsibility Coverages Item of the **EMPLOYERS RESPONSIBILITY COVERAGES DECLARATIONS** is amended by deleting the following:

ANYWHERE IN THE WORLD but excluding:

1. the United States of America (including its territories and possessions), Puerto Rico, and Canada; and except as otherwise limited or extended by this insurance.
2. any country or jurisdiction which is the subject of trade or economic sanctions imposed by the laws or regulations of the United States of America.

and replacing it with the following:

ANYWHERE IN THE WORLD but excluding:

1. the United States of America (including its territories and possessions) and
2. any country or jurisdiction which is the subject of trade or economic sanctions imposed by the laws or regulations of the United States of America; and;
3. the following countries:

☒ Puerto Rico

☐ Canada

☒ Other: Not Applicable

4. Notwithstanding the above, the Coverage Territory includes the following:

☐ Guam

☐ United States Virgin Islands (USVI)

☒ Other: Not Applicable

All other terms and conditions of this policy remain unchanged.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured County of San Bernardino and All Board Governed Special Dist			Endorsement Number 032
Policy Symbol PHF	Policy Number D42232518 004	Policy Period 07/01/2021 to 07/01/2022	Effective Date of Endorsement 07/01/2021
Issued By (Name of Insurance Company) ACE AMERICAN INSURANCE COMPANY			

LOCAL INSURER FINANCIAL IMPAIRMENT COLLECTABILITY ENDORSEMENT

This endorsement modifies the **COMMON POLICY CONDITIONS** included under the following (ONLY those forms indicated by a mark below):

- ☐ **ACCIDENTAL DEATH AND DISMEMBERMENT AND MEDICAL COVERAGE FOR EDUCATIONAL SERVICES COVERAGE FORM**
- ☐ **ACCIDENTAL DEATH AND DISMEMBERMENT & MEDICAL COVERAGE INCLUDING OCCUPATIONAL INJURY COVERAGE FORM**
- ☐ **ACCIDENTAL DEATH AND DISMEMBERMENT AND MEDICAL EXPENSE COVERAGE FORM**
- ☐ **COMMERCIAL GENERAL LIABILITY COVERAGE FORM**
- ☒ **COMMERCIAL PROPERTY COVERAGE FORM**
- ☒ **CONTINGENT AUTO LIABILITY COVERAGE FORM**
- ☐ **CORPORATE KIDNAP AND EXTORTION COVERAGE FORM**
- ☒ **EMPLOYEE BENEFITS LIABILITY COVERAGE FORM ENDORSEMENT**
- ☒ **EMPLOYEE DISHONESTY COVERAGE FORM**
- ☒ **EMPLOYERS RESPONSIBILITY COVERAGES**

- I. Notwithstanding anything to the contrary contained in the Policy, when the insurance policy to which these **COMMON POLICY CONDITIONS** are attached is issued in conjunction with a coordinated multi-national insurance program that includes "local policies" issued by "local insurers", it is agreed that the **COMMON POLICY CONDITIONS** are modified to include the following additional provisions:

Financial Impairment Collectability

1. If a covered claim is made under a "local policy", and is not paid solely due to the "financial impairment" of the "local insurer", we shall indemnify the First Named Insured, but only to the extent that we would have paid the claim had it been made by an "insured" under this policy.

2. We have no obligation to pay any:
 - a. Amounts within any applicable “retained limit” that would have applied under such “local policy”; or
 - b. Claim by any conservator, liquidator or statutory successor of the “local insurer”; or
 - c. Amount payable under any insurance policy that is not a “local policy”.
3. When this endorsement applies, the following conditions apply in addition to the conditions provided elsewhere in this policy. The First Named Insured shall:
 - a. Take all necessary steps to ensure the insured under the “local policy” pursues all rights available under the “local policy”;
 - b. Take all necessary steps to ensure the insured under the “local policy” complies with all duties and obligations under such “local policy”;
 - c. Submit, if requested by us, a sworn statement of loss, even if such a statement has already been submitted by the insured under the “local policy”;
 - d. Cooperate with us, and take all necessary steps to obtain for our benefit, all possible recoveries or indemnification from whatever source, including without limit governmental or state entities, including guarantee funds; and
 - e. Reimburse us for any payment made under this Condition if payment is ultimately made with respect to a previously uncollectible claim under a “local policy”.
4. This endorsement does not apply to any “local policy” issued in any country listed in the below Schedule of Excluded Countries.
5. The following DEFINITIONS are added to the policy, but only to the extent that the provisions contained in this Endorsement otherwise apply:

“Financial Impairment” means an adjudicated bankruptcy or insolvency of a “local insurer” or its refusal or inability to pay a final judgment or settlement solely because of anticipated imminent insolvency.

“Local insurer” means an insurance company that is either (i) an Chubb affiliate or (ii) a member of Chubb’s network of non-affiliated insurers issuing a “local policy”.

“Local policy” means a property or casualty insurance policy issued by a “local insurer” in a country other than the United States to a subsidiary of the First Named Insured or any other organization under its control or management as part of a multi-national insurance program coordinated by us. “Local policy” does not include any policy issued by an insurance company other than us or a “local insurer”.

Schedule of Excluded Countries

None

All other terms and conditions of the policy remain unchanged.



Chubb Privacy Statement

The Chubb Companies strongly believes in maintaining the privacy of information we collect about individuals. We want you to understand how and why we use and disclose the collected information. The following provides details of our practices and procedures for protecting the security of nonpublic personal information that we have collected about individuals. This privacy statement applies to policies underwritten by the Chubb group member companies listed below.

INFORMATION WE COLLECT

The information we collect will vary depending on the type of product or service individuals seek or purchase, and may include:

- Information we receive from individuals, such as their name, address, age, phone number, social security number, assets, income, or beneficiaries;
- Information about individuals' transactions with us, with our affiliates, or with others, such as policy coverage, premium, payment history, motor vehicle records; and
- Information we receive from a consumer reporting agency, such as a credit history.

INFORMATION WE DISCLOSE

We do not disclose any personal information to anyone except as is necessary in order to provide our products or services to a person, or otherwise as we are required or permitted by law.

We may disclose any of the information that we collect to companies that perform marketing services on our behalf or to other financial institutions with whom we have joint marketing agreements.

THE RIGHT TO VERIFY THE ACCURACY OF INFORMATION WE COLLECT

Keeping information accurate and up to date is important to us. Individuals may see and correct their personal information that we collect except for information relating to a claim or a criminal or civil proceeding.

CONFIDENTIALITY AND SECURITY

We restrict access to personal information to our employees, our affiliates' employees, or others who need to know that information to service the account or in the course of conducting our normal business operations. We maintain physical, electronic, and procedural safeguards to protect personal information.

CONTACTING US

If you have any questions about this privacy statement or would like to learn more about how we protect privacy, please write to us at Chubb Customer Services, P.O. Box 1000, 436 Walnut Street, WA04F, Philadelphia, PA 19106. Please include the policy number on any correspondence with us.

ACE American Insurance Company
ACE Fire Underwriters Insurance Company
ACE Insurance Company of the Midwest
ACE Property and Casualty Insurance Company
Atlantic Employers Insurance Company
Bankers Standard Fire and Marine Company
Bankers Standard Insurance Company

Century Indemnity Company
Illinois Union Insurance Company
Indemnity Insurance Company of North America
Insurance Company of North America
Pacific Employers Insurance Company
Westchester Fire Insurance Company
Westchester Surplus Lines Insurance Company
ESIS, Inc.

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Chubb Producer Compensation Practices & Policies

Chubb believes that policyholders should have access to information about Chubb's practices and policies related to the payment of compensation to brokers and independent agents. You can obtain that information by accessing our website at <http://www.chubbproducercompensation.com> or by calling the following toll-free telephone number: 1-866-512-2862.

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PREMIUM COLLECTION POLICY

Dear Chubb Global Casualty Producer:

Producers are expected to bill clients based on Chubb's binder for New Business and automatically for Renewals. PREMIUM IS DUE TO CHUBB 30 DAYS AFTER INVOICE DATE.

A premium statement will be sent to your accounting department the 20th day of every month. Please keep Chubb abreast of any address changes to prevent unnecessary cancellation activity.

Manual bills may accompany policy documents in special instances. Please review the manual invoices carefully and remit premium payments in accordance with the due dates noted.

Chubb will send you a 5 day notice of cancellation upon notification of non-payment by our accounting department. Immediate payment is required for reinstatement.

HOW TO PAY YOUR CLIENT'S PREMIUM THAT IS BILLED TO YOU

SEND CHECKS THROUGH REGULAR MAIL

PAYABLE TO:

CHUBB
DEPT CH 10678
PALATINE, IL 60055-0678

OVERNIGHT MAIL

PAYABLE TO:

Chubb
ACE American Insurance Company
5505 N. CUMBERLAND AVE
SUITE 307
CHICAGO, IL 60656-1471
ATTN: BOX #10678

OUR ACCOUNTING DEPARTMENT IS LOCATED IN WILMINGTON, DELAWARE.
FOR ANY QUESTIONS REGARDING YOUR PREMIUM STATEMENT,
PLEASE CALL OUR CUSTOMER SERVICE DESK AT 1.800.323.6129.
WIRE INSTRUCTIONS PROVIDED BELOW:

MELLON BANK WEST, NA
3 MELLON BANK CENTER
PITTSBURGH, PA 15259

ABA: 043000261
ACCOUNT: 093-8373

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U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

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 OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (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.treas.gov/ofac>.

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. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

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International Advantage® Executive Assistance® Services

CHUBB®



Trip planning, travel assistance and emergency response services are available to all Chubb International Advantage® insureds, including their employees, volunteers and students. Please communicate this notice to your international travelers in order to provide them access and incorporate the registration process into your company's travel policy.

A One Stop Travel Tool

Your traveler can use the www.chubbtravelapp.com website to research the country they are traveling to and create a travel itinerary that will allow us to send you travel alerts based upon the destination. Printable wallet cards with our 800# travel hotline can also be obtained on the website.

Register Now

Visit www.chubbtravelapp.com to register.

To gain on-line and mobile access to Chubb Executive Assistance® Services your international travelers must first visit us at www.chubbtravelapp.com and use your policy number below to register and create their personal profile.

POLICY NUMBER: PHFD42232518 004

Download the Chubb Travel App

Your traveler can also take Chubb Executive Assistance® Services mobile by downloading the Travel App onto their smartphone. The trips and information that are registered on the web will appear on the traveler's mobile device automatically. If they enable Location Services on their smartphone, the Travel App will push information to them based upon their current location.

Available Services

The following are just some of the services and information available to our insureds through our mobile app or at www.chubbtravelapp.com.

Trip Planning

- Immunization requirements
- Embassy locations
- Visa/Passport Requirements
- Culture and Etiquette
- Country Information
- Crime and Country Risk Levels

Travel Alerts

- Political Instability
- Union Strikes and Service Disruption
- Natural Disasters and Weather
- Crime, Terrorism or Disease Outbreaks

Security Services

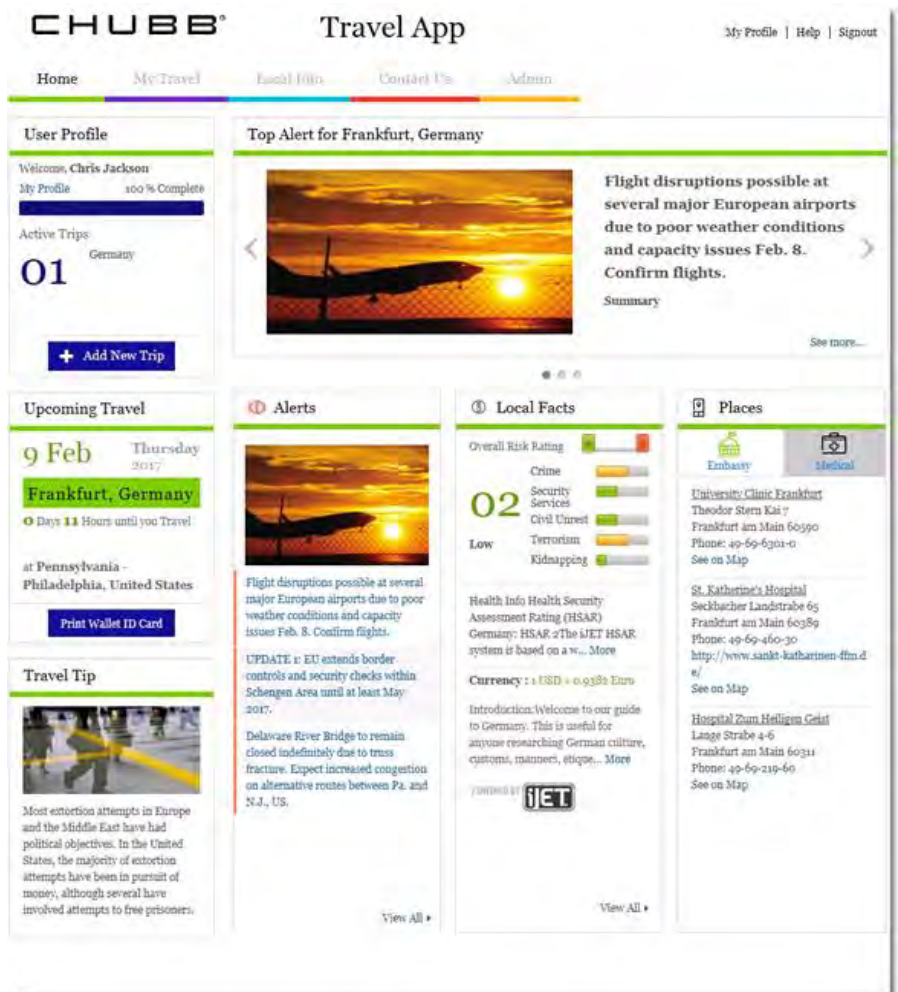
- Political Evacuation
- Natural Disaster Evacuation
- Consultation Services
- Legal Assistance/Bail
- Emergency Travel Arrangements & Passport Replacement
- Interpretation/Translation

Emergency Assistance

- Emergency Medical Transport
- Hospital Admission Guarantee
- Emergency Medical Payment Advance and Guarantee
- Medical Monitoring and Referrals
- Doctor or Specialist Dispatch
- Medication and Eye wear Replacement
- Medical Evacuation and Repatriation
- Family Reunion Travel Arrangements
- Transportation Escort
- Return of Dependent Children and Travelling Companion
- Repatriation of Remains

Concierge Services

- Hotel, Car and Airline Reservations
- Restaurant Referrals
- Tee Times
- Personalized Retail Shopping Assistance



Chubb. Insured.SM

The opinions and positions expressed in this report are the authors' own and not those of Chubb. The information and/or data provided herein is for informational purposes.

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HOW TO REPORT YOUR CLAIMS

In the event of a claim, suit or loss under your Policy, contact your agent or broker. To report a claim, occurrence, accident, suit, loss or injury to us, in accordance with and as provided in the respective coverage parts of your Policy, please use any of the following methods, and please provide the information listed below, as well as any information your Policy requires:

EMAIL:

ChubbClaimsFirstNotice@chubb.com

(This e-mail address is to be used for new claim reporting only.)

FAX:

(877) 395-0131 (Toll Free)

(302) 476-7254 (Local)

PHONE:

(800) 433-0385 (Business Hours)

(800) 523-9254 (After Hours)

MAIL:

Chubb North American Claims

P.O. Box 5122

Scranton, PA 18505-0554

Please be sure to include the following information, in addition to any specific information required by the applicable coverage part:

- Policy Holder Name
- Policy Number
- Type of loss
- Date of Event
- Description of loss
- Insured contact name and details (phone, e-mail, etc.)
- Third Party contact name and details (phone, e-mail, etc.)
- Any other pertinent information available

If your policy includes Executive Assistance[®] Services the following information pertains:

KEY CONTACT NUMBERS FOR EMERGENCY SERVICES

24 Hour Emergency Response Executive Assistance[®] Services

Emergency Medical, Personal, Travel Assistance, Emergency Political Evacuation and Concierge Services. **Calling the numbers below will provide the caller access to the Executive Assistance Services. Calling the following numbers does not constitute the report of a claim, occurrence, accident, suit, loss or injury, as provided for in the respective coverage parts of your Policy.**

To report a claim, occurrence, accident, suit, loss or injury to us, you must follow one of the methods set out above.

Executive Assistance Toll Free Inside U.S. and Canada: 1 (800) 766-8206

Executive Assistance Toll Free Outside U.S. and Canada IDD+800-0200-8888 (available from 40 countries)

Executive Assistance Collect Calls Outside the U.S. and Canada: 1 (202) 659-7777

Where Toll Free or Collect Calls are not available

Executive Assistance Outside the U.S. and Canada: IDD 1 (202) 659-7777

COMPANY NAME:	ACE AMERICAN INSURANCE COMPANY		
NAMED INSURED:	County of San Bernardino and All Board Governed Special Dist		
POLICY NUMBER:	PHFD42232518 004	DECLARATIONS EFFECTIVE:	07/01/2021

This policy consists of the Declarations pages and the following forms and endorsements attached to this policy at inception:

IT7001 (08-2010)	General Declarations
IT7003 (04-2015)	Liability Coverages Declarations
IT1X70 (04-2015)	Employers Responsibility Coverage Declarations
IT7012 (12-2011)	International Advantage Commercial Property Coverage Form Declarations
IT7015 (12-2010)	International Advantage Employee Dishonesty Coverage Declarations
IT7029 (04-2010)	Common Policy Conditions (Effective 4/12/2010)
IT7027 (08-2013)	Contingent Auto Liability Coverage Form
IT1084 (09-2008)	Employers Responsibility Coverages with Executive Assistance®
IT7032 (10-2012)	International Advantage Commercial Property Coverage Form
IT7036 (12-2010)	International Advantage Employee Dishonesty Coverage Form
IT7101 (09-2011)	Broad Named Insured
IT7956 (12-2017)	Cancellation
IT7325b (01-2016)	GPS Global Program Solutions Endorsement (Non-Admitted Included), LD-34280a (01-16)
LD-34280a (01/16)	GPS Global Program Solutions Endorsement (Non-Admitted Included)
IT7955 (03-2014)	Minimum Earned Premium Endorsement
IT7134 (02-2011)	Additional Insured - Contingent Auto, Required by Written Contract
IT7504 (03-2007)	Auto Medical Payments Coverage
IT7829 (03-2007)	Exclusion - War or Terrorism
IT7508 (12-2011)	Fellow Employee Coverage
IT7510 (11-2012)	Hired Auto Physical Damage Coverage Endorsement
IT7164 (02-2018)	Supplementary Payments(Increased Limits)
IT7513 (03-2007)	Waiver of Transfer of Rights of Recovery Against Other To Us
IT1695 (12-2011)	Amendment - Emergency Political Repatriation and Emergency Relocation
IT1490 (11-2004)	Amendment - Voluntary Compensation Coverage Endorsement
IT7048 (11-2017)	Temporary Travel – 24 Hour Coverage Endorsement
IT1228b (12-2015-1)	War Coverage
IT7578 (12-2010)	Cargo Coverage
IT7579 (12-2010)	Coinsurance Endorsement
IT7585a (06-2020)	Electronic Data Exclusion (Named Perils Exception)
IT7588 (12-2010)	Exclusion - Terrorism - War
IT7638 (04/2020)	Exclusion Of Loss Due To Virus, Bacteria Or Microorganism That Induce Physical Distress, Illness Or Disease
IT7590 (12-2010)	Government Activity Endorsement
IT7609 (11/2017)	Impairment Of Computer Services – Malicious Programming Coverage Endorsement
IT7591 (12-2010)	Inflation Guard
IT7605 (03-2012)	Laptop and/or Theft Deductible
IT7606 (06-2012)	Money and Securities Endorsement
IT7604 (10-2011)	Sub-Limits of Liability
IT7610 (11/2017)	Supplemental Coverage Endorsement
IT7608 (11/2017)	Supplemental Limits Of Liability Endorsement
IT7600 (12-2010)	Forgery or Alteration Coverage
IT7142 (04-2015)	Coverage Territory Endorsement

IT7109b (12-2015) Local Insurer Financial Endorsement

The Declarations pages and the Coverage Forms and endorsements listed above and attached, complete the above numbered policy.