

12. Paved surfaces such as sidewalks, patios or parking lots;
 13. Permanently installed machinery and equipment;
 14. Permanent storage tanks;
 15. Solar panels;
 16. Submersible pumps, pump motors and engines;
 17. Underground piping located on or within 1000 feet of premises described in the Declarations;
 18. Underground vaults and machinery;
 19. "Business personal property" owned by you that is used to maintain or service the "real property" or structure or its premises, including fire-extinguishing equipment; outdoor furniture, floor coverings and appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
 20. If not covered by other insurance: Additions under construction, alterations and repairs to the "real property" or structure, Material, equipment supplies and temporary structures on or within 1000 feet of the described premises, used for making additions, alterations or repairs to the "real property" or structure.
- X. **"Remediation expenses"** are expenses incurred for or in connection with the investigation, monitoring,
1. removal, disposal, treatment, or neutralization of "pollution conditions" to the extent required by:
 - a. Federal, state or local laws, regulations or statutes, or any subsequent amendments thereof,
 2. enacted to address "pollution conditions"; or
 - a. A legally executed state voluntary program governing the cleanup of "pollution conditions".
- Y. **"Rental Value"** means rental income less all costs that would have been incurred during the period of delay had there been no loss or damage.
- Z. **"Securities"** means negotiable or non-negotiable instruments or contracts representing money or other property. It includes tokens, tickets, revenue stamps, other stamps in current use, and evidences of debt issued in connection with credit or charge cards, which cards are not issued by you. It does not include "money".
- AA. **"Specified Cause of Loss"** means the following:
- Fire; Lightning; Explosion; Windstorm or Hail; Smoke; Aircraft or Vehicles; Riot or Civil Commotion; Vandalism; Leakage from Fire Extinguishing Equipment; Sinkhole Collapse; "Volcanic Action"; Falling Objects; Weight of Snow; Ice or Sleet; "Water Damage"; and "Equipment Breakdown".
1. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - a. The cost of filling sinkholes; or
 - b. Sinking or collapse of land into man-made underground cavities other than underground wine caves.
 2. Falling objects does not include loss or damage to:
 - a. "Business Personal Property" in the open; or
 - b. The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
 3. "Water Damage" means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.

BB. "Stock" means finished goods held in storage or for sale;

CC. "Suspension" means:

1. The slowdown or cessation of your business activities; or
2. That a part or all of the described premises is rendered untenable, if coverage for "business income" including "rental value" applies.

DD. "Tenants Leasehold Interest Loss" means the increase in your monthly rent including taxes, insurance, janitorial or other services that you pay for as part of the rent, as a result of this cancellation for the number of months left in your lease subject to the maximum of twelve (12) months.

EE. "Valuable Papers and Records" means:

1. Inscribed, printed, or written documents; manuscripts; and records: including abstracts, books, deeds, drawings, films, maps, or mortgages.
2. "Valuable Papers and Records" does not mean "money" or "securities"; converted data; programs or instructions used in your data processing operations, including the materials on which the data is recorded.

FF. "Volcanic Action" means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

1. Airborne volcanic blast or airborne shock waves;
2. Ash, dust or particulate matter; or
3. Lava flow.

All volcanic eruptions that occur within any one-hundred sixty-eight (168) hour period will constitute a single occurrence. "Volcanic Action" does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

GG. "Watercraft" means any watercraft used in your "operations", including its motor, parts, accessories and equipment.

LOSS PAYABLE PROVISIONS

THIS ENDORSEMENT CHANGES THE COVERAGE FORM.

PLEASE READ IT CAREFULLY.

**THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:
PROPERTY COVERAGE FORM**

SCHEDULE

Description of Property	Loss Payee (Name & Address)	Loss Payable	Lender's Loss Payable	Contract Of Sale
Designated insured premises listed on the SOV on file with Company	American Bank of Texas P.O. Box 1234 Sherman, TX 75091-1234		X	

The following is added to **D. Loss Payment in SECTION VI – LOSS CONDITIONS** of this Coverage Form, as indicated in the Declarations or by an "X" in the Schedule above:

LOSS PAYABLE

For covered property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

1. Adjust losses with you; and
2. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

LENDER'S LOSS PAYABLE

1. The Loss Payee shown in the Schedule or in the Declarations is a creditor, including a mortgage holder or trustee, whose interest in covered property is established by such written instruments as:
 - a. Warehouse receipts;
 - b. A contract for deed;
 - c. Bills of lading;

- d. Financing statements; or
 - e. Mortgages, deeds of trust, or security agreements.
2. For covered property in which both you and a Loss Payee have an insurable interest:
- a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
 - b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
 - c. If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Form, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
 - (1) Pays any premium due under this Coverage Form at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within sixty (60) days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Form will then apply directly to the Loss Payee.

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

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.

3. If we cancel this policy, we will give written notice to the Loss Payee at least:
- a. Ten (10) days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - b. Thirty (30) days before the effective date of cancellation if we cancel for any other reason.
4. If we elect not to renew this coverage, we will give written notice to the Loss Payee at least ten (10) days before the expiration date of this policy.

CONTRACT OF SALE

1. The Loss Payee shown in the Schedule or in the Declarations is a person or organization you have entered a contract with for the sale of covered property.
2. For covered property in which both you and the Loss Payee have an insurable interest we will:
- a. Adjust losses with you; and
 - b. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.
3. The following is added to the **OTHER INSURANCE** Condition:
- For covered property that is the subject of a contract of sale, the word "you" includes the Loss Payee.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

THIS ENDORSEMENT CHANGES THE POLICY.

PLEASE READ IT CAREFULLY.

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

PROPERTY COVERAGE FORM

A. Cap On Certified Terrorism Losses

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

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

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

B. Application of Exclusions

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

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

FLOOD COVERAGE

THIS ENDORSEMENT CHANGES THE POLICY.

PLEASE READ IT CAREFULLY.

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING: PROPERTY COVERAGE FORM

Inception Date of Flood Coverage Endorsement: 3/17/2019

Note: There is no coverage for a Flood that begins before or within 72 hours after this date.

Refer to Section B.2.a. of this endorsement for additional information.

Flood Coverage Basis (applies to "Real Property" and "Business Personal Property")

SCHEDULE

Flood Limit of Insurance – Each occurrence	\$2,260,000
Flood Limit of Insurance – Annual Aggregate	\$2,260,000
Flood Deductible – Each occurrence	\$25,000

Premises #	Address
	Per SOV on file with Company

This endorsement applies to covered "real property", "business personal property" and any applicable coverage extensions at the premises described in the above Schedule.

A. Additional Covered Cause of Loss

The following is added to the Covered Causes of Loss:

Flood, meaning a general and temporary condition of partial or complete inundation of normally dry land areas due to:

1. The overflow of inland or tidal waters;
2. The unusual or rapid accumulation or runoff of surface waters from any source; or

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

3. Mudslides or mudflows which are caused by flooding as defined in A.2. above. For the purpose of this Covered Cause of Loss, a mudslide or mudflow involves a river of liquid and flowing mud on the surface of normally dry land areas as when earth is carried by a current of water and deposited along the path of the current.

All flooding in a continuous or protracted event which occurs within any 168 hour period will constitute a single flood.

B. Exclusions, Limitations and Related Provisions

SECTION II - EXCLUSIONS AND LIMITATIONS of the Property Coverage Form apply to coverage provided under this endorsement except as provided below.

1. To the extent that a part of the Water Exclusion might conflict with coverage provided under this endorsement, that part of the Water Exclusion does not apply.
2. The following exclusions and limitations are added and apply to coverage under this endorsement:
 - a. We will not pay for any loss or damage caused by or resulting from any flood that begins before or within 72 hours after the inception date of this endorsement. If you request and we provide an increase in the stated Limit of Insurance for flood, the increase will not apply to loss or damage from any flood that begins before or within 72 hours after your request was made. If the flood is due to the overflow of inland or tidal waters, then the flood is considered to begin when the water first overflows its banks.
 - b. We will not pay for loss or damage caused by or resulting from destabilization of land arising from the accumulation of water in subsurface land areas.
 - c. With respect to the insurance provided by this endorsement, the following property would not be considered "real property" or "business personal property": land or the cost of excavations, grading, backfilling or filling. Therefore, coverage under this endorsement does not include the cost of the remediation of land due to the sinking of land caused by or resulting from flood.
 - d. We do not cover loss or damage by flood to "business personal property" in the open.
 - e. With respect to the insurance provided by this endorsement, "real property" or "business personal property" does not include the following:
 - (1) Any property (other than property in transit and "mobile equipment") that is located within:
(Must check either "100-year flood plain" or "500-year flood plain" The "500-year flood plain" includes the "100-year flood plain".)
☒ "100-year flood plain", or
☐ "500-year flood plain",
as determined by the Federal Emergency Management Agency (FEMA).
 - (2) Boat houses and open structures, and any property in or on the foregoing, if the structure is located on or over a body of water
 - (3) Bulkheads, pilings, piers, wharves, docks, or retaining walls that are not part of a building.
 - (4) Property Not Covered includes any building or other property that is not eligible for flood insurance pursuant to the provisions of the Coastal Barrier Resources Act, 16 U.S.C. 3501 *et seq.* and the Coastal Barrier Improvement Act of 1990, Pub. L. 101-591, 16 U.S.C. 3501 *et seq.*
 - f. We will not pay for loss or damage caused by sewer back-up or overflow under this endorsement.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

g. The following are considered "Real Property" under this endorsement:

- (1) Foundations below the lowest basement floor or the subsurface of the ground; and
- (2) Underground pipes, flues and drains.

C. Coverage Extensions

1. Debris Removal

With respect to flood coverage, **ADDITIONAL COVERAGE C.2.** Debris Removal is not applicable and replaced by the following:

- a. We will pay your expense to remove debris of covered "real property" or "business personal property" and other debris that is on the described premises, when such debris is caused by or results from flood. However, we will not pay to remove deposits of mud or earth from the grounds of the described premises.
- b. We will also pay the expense to remove debris of covered "real property" or "business personal property" that has floated or been hurled off the described premises by flood.
- c. This coverage for Debris Removal, as set forth in C.1.a. and C.1.b. above, does not increase the applicable Limit of Insurance for flood. Therefore, the most we will pay for the total of debris removal and loss or damage to property covered by this endorsement is the Limit of Insurance for flood that applies to the property covered by this endorsement at the affected described premises covered under this endorsement.

2. Newly Acquired or Under Construction "Real Property" and Related "Business Personal Property"

With respect to flood coverage, New Locations or Newly Constructed Property (**ADDITIONAL COVERAGE C.1**) and related "Business Personal Property" is amended by adding the following:

- a. With respect to coverage, this extension does not apply to any building or structure that is not fully enclosed by walls and roof, or "business personal property" that is in the open. With respect to a property covered under this Additional Coverage, the limits of insurance
- b. stated in the Additional Coverage do not apply to flood coverage. Instead, the most we will pay for all loss or damage to property covered under this Additional Coverage is 10% of the flood Limit of Insurance for each occurrence as provided under this endorsement. Such coverage does not increase the Limit of Insurance for flood.

3. With respect to any applicable Coverage Extensions or Additional Coverages in the Property Coverage Form to which this endorsement is attached, other than those addressed in C 1. and C.2. above, amounts payable under such other provisions, as set forth therein, do not increase the Limit of Insurance for flood.

D. Limit of Insurance

1. The most we will pay for each occurrence of flood for loss or damage caused by flood is the Flood Limit of Insurance – Each Occurrence shown in the Schedule. However, in no event will we pay more than the applicable Limit of Insurance shown in the Declarations or shown in the coverage extensions.
2. The Aggregate Limit of Insurance – Flood Coverage is an annual aggregate limit and as such is the most we will pay for the total of all loss or damage that is caused by a flood in a 12-month period (starting with the beginning of the present annual policy period), even if there is more than one occurrence of flood during that period of time. Thus, if the first flood does not exhaust the applicable Limit of Insurance, then the balance of that Limit is available for a subsequent flood(s).

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

3. If an occurrence of flood begins during one annual policy period and ends during the following annual policy period, any Limit of Insurance or Annual Aggregate applicable to the following annual policy period will not apply to that flood.
4. In the event of covered ensuing loss, for example, loss caused by Fire, Explosion and / or Sprinkler Leakage which results from the flood, we will also pay for the loss or damage caused by that other covered cause of loss. But the most we will pay, for the total of all loss or damage caused by the flood and other covered causes of loss, is the Limit of Insurance applicable to such other covered causes of loss. We will not pay the sum of the two Limits.

E. Property Damage Deductible

SECTION V – DEDUCTIBLE A. of the Property Coverage Form is replaced by the following with respect to flood:

1. We will not pay for loss or damage until the amount of loss or damage exceeds the deductible shown in the Schedule. We will then pay the amount of loss or damage in excess of that Deductible, up to the applicable Limit of Insurance.
2. If flood results in another covered cause of loss and if both covered causes of loss cause loss or damage, then only the higher deductible applies (e.g., the flood deductible or the property policy deductible).

F. Other Insurance

SECTION VII – PROPERTY GENERAL CONDITIONS H. Other Insurance 2. is amended by the following with respect to the coverage provided under this endorsement:

2. If there is other insurance covering the loss, we will pay our share of the loss. Our share is the proportion that the applicable Limit of Insurance under this endorsement bears to the total of the applicable Limits of Insurance under all other such insurance. But we will not pay more than the applicable Limit of Insurance stated in the Flood Coverage Schedule.

G. DEFINITIONS

The following **Definitions** are added as respects coverage provided by this endorsement:

1. **"100-year flood plain"** means a geographic area where the water surface elevation resulting from a flood has at least a 1% chance of equaling or exceeding the elevation of that geographic area in a given year, according to FEMA. The FEMA designations for such Special Flood Hazard areas currently include A, A1 to A30, A-99, AE, AO, AH, AR, AR/A, AR/AE, AR/A1 to A30, AR/AH, AR/AO, V1 to V30, VE, and XFUT.
2. **"500-year flood plain"** means a geographic area where there is a 0.2% or greater chance of flooding in a given year, according to FEMA. The FEMA designations for such areas currently include B, XB, X500 and on a FEMA Flood Rate Map, shaded X. The term "500-year flood plain," as used in this Policy, includes the area that is within the "100-year flood plain".

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

EARTHQUAKE – VOLCANIC ERUPTION COVERAGE

THIS ENDORSEMENT CHANGES THE POLICY.

PLEASE READ IT CAREFULLY.

**THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:
PROPERTY COVERAGE FORM**

It is agreed that **SECTION II – EXCLUSIONS AND LIMITATIONS A.1.a.** is hereby deleted.

For purposes of this Endorsement, the following Exclusions apply:

1. We will not pay for loss or damage caused directly or indirectly by tidal wave or tsunami, even if attributable to an Earthquake or Volcanic Eruption.
2. We will not pay for loss or damage caused by or resulting from any Earthquake or Volcanic Eruption that begins before the inception of this insurance.

The most we will pay for loss or damage resulting from earthquake and volcanic eruption for coverage provided by this endorsement is **\$1,000,000** each occurrence and **\$1,000,000** aggregate.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

TEXAS CHANGES

THIS ENDORSEMENT CHANGES THE POLICY.

PLEASE READ IT CAREFULLY.

THIS ENDORSEMENT MODIFIES THE FOLLOWING FORM:

PROPERTY COVERAGE FORM

- A. Paragraph 1. g. of Condition C. **Duties in the Event of Loss or Damage** of **SECTION IV – LOSS CONDITIONS** is deleted in its entirety and replaced by the following:

- g. Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within ninety-one (91) days after our request. We will supply you with the necessary forms.

- B. Condition B. **Appraisal** of **SECTION IV – LOSS CONDITIONS** is deleted in its entirety and replaced by the following:

B. Appraisal

If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser and notify the other of the appraiser selected within twenty (20) days of such demand. The two appraisers will select an umpire. If they cannot agree within fifteen (15) days upon such umpire, either may request that selection be made by a judge of a court having jurisdiction. Each appraiser will state the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding as to the amount of loss. Each party will:

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal:

1. You will still retain your right to bring a legal action against us, subject to the provisions of the Legal Action Against Us Property General Condition; and
2. We will still retain our right to deny the claim.

- C. The following is added to Condition C. **Duties in the Event of Loss or Damage** of **SECTION IV – LOSS CONDITIONS**:

We will notify the first Named Insured in writing of:

- a. An initial offer to compromise or settle a claim made or "suit" brought against the insured under this coverage. The notice will be given not later than the tenth (10th) day after the date on which the offer is made.
- b. Any settlement of a claim made or "suit" brought against the insured under this coverage. The notice will be given not later than the thirtieth (30th) day after the date of the settlement.

- D.** Under the Condition **D. Loss Payment** of **SECTION IV – LOSS CONDITIONS**, the provisions pertaining to notice of our intentions and the time period for payment of claims are deleted and replaced by the following:

1. Claims Handling

- a.** Within fifteen (15) days after we receive written notice of claim, we will:

- (1) Acknowledge receipt of the claim. If we do not acknowledge receipt of the claim in writing, we will keep a record of the date, method and content of the acknowledgment;
- (2) Begin any investigation of the claim; and
- (3) Request a signed, sworn proof of loss, specify the information you must provide and supply you with the necessary forms. We may request more information at a later date, if during the investigation of the claim such additional information is necessary.

- b.** We will notify you in writing as to whether.

- (1) The claim or part of the claim will be paid;
- (2) The claim or part of the claim has been denied, and inform you of the reasons for denial;
- (3) More information is necessary; or
- (4) We need additional time to reach a decision. If we need additional time, we will inform you of the reasons for such need.

We will provide notification, as described in **b.(1)** through **b.(4)** above, within:

- (1) Fifteen (15) business days after we receive the signed, sworn proof of loss and all information we requested; or
- (2) Thirty (30) days after we receive the signed, sworn proof of loss and all information we requested, if we have reason to believe the loss resulted from arson.

If we have notified you that we need additional time to reach a decision, we must then either approve or deny the claim within 45 days of such notice.

- 2.** We will pay for covered loss or damage within five business days after:

- a.** We have notified you that payment of the claim or part of the claim will be made and have reached agreement with you on the amount of loss; or
- b.** An appraisal award has been made.

However, if payment of the claim or part of the claim is conditioned on your compliance with any of the terms of this Coverage Part, we will make payment within five business days after the date you have complied with such terms.

The following paragraphs are added:

3. Catastrophe Claims

If a claim results from a weather related catastrophe or a major natural disaster, the claim handling and claim payment deadlines described in **E.1.** and **E.2.** above are extended for an additional 15 days.

Catastrophe or Major Natural Disaster means a weather related event which:

- a.** Is declared a disaster under the Texas Disaster Act of 1975; or
- b.** Is determined to be a catastrophe by the State Board of Insurance.

- 4.** The term "business day", as used in the Loss Payment Condition, means a day other than Saturday, Sunday or a holiday recognized by the state of Texas.

- E.** The following is added to Condition **E. Valuation** of **SECTION IV – LOSS CONDITIONS**:

Chapter 862 – Subsection 862.053. Policy A Liquidated Demand. A fire insurance policy, in case of total loss by fire of property insured, shall be held and considered to be a liquidated demand against the Company for the full amount of such policy. This subsection does not apply to personal property.

- F. Condition **D. Legal Action Against Us** of **SECTION VII – PROPERTY GENERAL CONDITIONS** is deleted in its entirety and replaced by the following:

D. Legal Action Against Us

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

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within two years and one day from the date the cause of action first accrues. A cause of action accrues on the date of the initial breach of our contractual duties as alleged in the action.

- G. Paragraphs 4. and 6. of Condition **F. Mortgage Holders** of **SECTION VII – PROPERTY GENERAL CONDITIONS** are deleted in its entirety and replaced by the following:

4. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - a. Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - b. Submits a signed, sworn proof of loss within ninety-one (91) days after receiving notice from us of your failure to do so; and
 - c. Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.
 - d. All of the terms of this Coverage Part will then apply directly to the mortgageholder.
-
6. If this policy is cancelled, we will give the mortgageholder named in the Declarations written notice of cancellation.

If we cancel this policy, we will give written notice to the mortgageholder at least:

 - a. Fourteen (14) days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - b. Thirty (30) days before the effective date of cancellation if we cancel for any other reason.

If you cancel the policy, we will give the mortgageholder notice of cancellation to be effective on the date stated in the notice. The date of cancellation cannot be before the tenth (10th) day after the date we mail the notice.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.



A FAIRFAX Company

Allied World Specialty Insurance Company
 1690 New Britain Ave, Suite 101
 Farmington, CT 06032
 (860) 284-1300

COMMERCIAL CRIME COVERAGE FORM SUPPLEMENTAL DECLARATIONS

NAMED INSURED: Windermere Oaks Water Supply Corporation	POLICY NUMBER: 5105-0560-06
	EFFECTIVE DATE: 3/17/2019

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS COVERAGE FORM, WE AGREE TO PROVIDE THE INSURANCE AS STATED IN THIS COVERAGE FORM.

SCHEDULE OF CRIME COVERAGE

Insuring Agreement	Limit of Insurance	Deductible Amount
Employee Theft (includes Faithful Performance)	\$ 100,000 per Occurrence	\$ 1,000 per Occurrence
Forgery or Alteration	\$ 100,000 per Occurrence	\$ 1,000 per Occurrence
Inside the Premises – Theft of Money & Securities	\$ 100,000 per Occurrence	\$ 1,000 per Occurrence
Inside the Premises – Robbery/Safe Burglary	\$ 5,000 per Occurrence	\$ 1,000 per Occurrence
Outside the Premises	\$ 100,000 per Occurrence	\$ 1,000 per Occurrence
Computer Fraud	\$ 100,000 per Occurrence	\$ 1,000 per Occurrence
Funds Transfer Fraud	\$ 100,000 per Occurrence	\$ 1,000 per Occurrence
Money Orders	\$ 100,000 per Occurrence	\$ 1,000 per Occurrence

ENDORSEMENTS ATTACHED TO THIS POLICY:

WA-CR 00002 00 (03/12)

WA-CR 00003 00 (03/12)

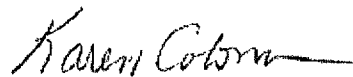
WA-CR 00004 00 (03/12)

EMPLOYEE BENEFIT PLAN(S) INCLUDED AS INSURED(S):

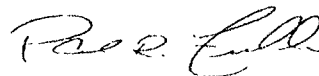
THESE DECLARATIONS, TOGETHER WITH THE COMMON POLICY CONDITIONS AND COVERAGE FORM(S) AND ANY ENDORSEMENT(S), COMPLETE THE ABOVE NUMBERED POLICY.



President



Secretary



AUTHORIZED REPRESENTATIVE

COMMERCIAL CRIME COVERAGE FORM (LOSS SUSTAINED FORM)

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

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance. Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F. Definitions**.

A. Insuring Agreements

Coverage is provided under the following Insuring Agreements for which a Limit of Insurance is shown in the Declarations and applies to loss that you sustain resulting directly from an "occurrence" taking place during the Policy Period shown in the Declarations, except as provided in Condition **E.1.k.** or **E.1.l.**, which is "discovered" by you during the Policy Period shown in the Declarations or during the period of time provided in the Extended Period To Discover Loss Condition **E.1.g.**:

1. Employee Theft

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from "theft" committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

For the purposes of this Insuring Agreement, "theft" shall also include "forgery".

2. Forgery or Alteration

a. We will pay for loss resulting directly from "forgery" or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are:

- (1) Made or drawn by or drawn upon you; or
- (2) Made or drawn by one acting as your agent; or that are purported to have been so made or drawn.

For the purposes of this Insuring Agreement, a substitute check as defined in the Check Clearing for the 21st Century Act shall be treated the same as the original it replaced.

b. If you are sued for refusing to pay any instrument covered in Paragraph 2a., 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 that we will pay is in addition to the Limit of Insurance applicable to this Insuring Agreement.

3. Inside the Premises – Theft of Money and Securities

a. We will pay for loss of "money" and "securities" inside the "premises" or "banking premises":

- (1) Resulting directly from "theft" committed by a person present inside such "premises" or "banking premises"; or
- (2) Resulting directly from disappearance or destruction.

b. We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "theft" of "money" and "securities" if you are the owner of the "premises" or are liable for damage to it.

c. We will pay for loss of or damage to a locked safe, vault, cash register, cash box or cash drawer located inside the "premises" resulting directly from an actual or attempted "theft" of or unlawful entry into those containers.

4. Inside the Premises – Robbery or Safe Burglary of Other Property

- a. We will pay for loss of or damage to "other property":
 - (1) Inside the "premises" resulting directly from an actual or attempted "robbery" of a "custodian"; or
 - (2) Inside the "premises" in a safe or vault resulting directly from an actual or attempted "safe burglary".
- b. We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "robbery" or "safe burglary" of "other property" if you are the owner of the "premises" or are liable for damage to it.
- c. We will pay for loss of or damage to a locked safe or vault located inside the "premises" resulting directly from an actual or attempted "robbery" or "safe burglary".

5. Outside the Premises

- a. We will pay for loss of "money" and "securities" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from "theft", disappearance or destruction.
- b. We will pay for loss of or damage to "other property" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from an actual or attempted "robbery".

6. Computer Fraud

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the "premises" or "banking premises":

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

7. Funds Transfer Fraud

We will pay for loss of "funds" resulting directly from a "fraudulent instruction" directing a financial institution to transfer, pay or deliver "funds" from your "transfer account".

8. Money Orders and Counterfeit Money

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

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

B. Limit of Insurance

The most we will pay for all loss resulting directly from an "occurrence" is the applicable Limit of Insurance shown in the Declarations.

If any loss is covered under more than one Insuring Agreement or Coverage, the most we will pay for such loss shall not exceed the largest Limit of Insurance available under any one of those Insuring Agreements or Coverages.

C. Deductible

We will not pay for loss resulting directly from an "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.

D. Exclusions

1. This insurance does not cover:

a. Acts Committed by You, Your Partners or Your Members

Loss resulting from "theft" or any other dishonest act committed by:

- (1) You; or
- (2) Any of your partners or "members"; whether acting alone or in collusion with other persons.

b. Acts of Employees Learned of by You Prior to the Policy Period

Loss caused by an "employee" if the "employee" had also committed "theft" or any other dishonest act prior to the effective date of this insurance and you or any of your partners, "members", "managers", officers, directors or trustees, not in collusion with the "employee", learned of that "theft" or dishonest act prior to the Policy Period shown in the Declarations.

c. Acts of Employees, Managers, Directors, Trustees or Representatives

Loss resulting from "theft" or any other dishonest act committed by any of your "employees", "managers", directors, trustees or authorized representatives:

- (1) Whether acting alone or in collusion with other persons; or
- (2) While performing services for you or otherwise; except when covered under Insuring Agreement **A.1**.

d. Confidential Information

Loss resulting from:

- (1) The unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, processing methods or customer lists; or
- (2) The unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information, credit card information or similar non-public information.

e. Governmental Action

Loss resulting from seizure or destruction of property by order of governmental authority.

f. Indirect Loss

Loss that is an indirect result of an "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 damage to "money", "securities" or "other property".
- (2) Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this insurance.
- (3) Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance.

g. Legal Fees, Costs and Expenses

Fees, costs and expenses incurred by you which are related to any legal action, except when covered under Insuring Agreement **A.2**.

h. Nuclear Hazard

Loss or damage resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

i. Pollution

Loss or damage caused by or resulting from pollution. Pollution means the discharge, dispersal, seepage, migration, release or escape of any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

j. War and Military Actions

Loss or damage resulting from:

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

2. Insuring Agreement A.1. does not cover:

a. Inventory Shortages

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.

However, where you establish wholly apart from such computations that you have sustained a loss, then you may offer your inventory records and actual physical count of inventory in support of the amount of loss claimed.

b. Trading

Loss resulting from trading, whether in your name or in a genuine or fictitious account.

c. Warehouse Receipts

Loss resulting from the fraudulent or dishonest signing, issuing, canceling or failing to cancel, a warehouse receipt or any papers connected with it.

3. Insuring Agreements A.3., A.4. and A.5. do not cover:

a. Accounting or Arithmetical Errors or Omissions

Loss resulting from accounting or arithmetical errors or omissions.

b. Exchanges or Purchases

Loss resulting from the giving or surrendering of property in any exchange or purchase.

c. Fire

Loss or damage resulting from fire, however caused, except:

- (1) Loss of or damage to "money" and "securities"; and
- (2) Loss from damage to a safe or vault.

d. Money Operated Devices

Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

e. Motor Vehicles or Equipment And Accessories

Loss of or damage to motor vehicles, trailers or semi-trailers or equipment and accessories attached to them.

f. Transfer or Surrender of Property

- (1) Loss of or damage to property after it has been transferred or surrendered to a person or place outside the "premises" or "banking premises":
 - (a) On the basis of unauthorized instructions;
 - (b) As a result of a threat to do bodily harm to any person;
 - (c) As a result of a threat to do damage to any property;
 - (d) As a result of a threat to introduce a denial of service attack into your computer system;
 - (e) As a result of a threat to introduce a virus or other malicious instruction into your computer system which is designed to damage, destroy or corrupt data or computer programs stored within your computer system;
 - (f) As a result of a threat to contaminate, pollute or render substandard your products or goods; or
 - (g) As a result of a threat to disseminate, divulge or utilize:
 - i. Your confidential information; or
 - ii. Weaknesses in the source code within your computer system.
- (2) But, this Exclusion does not apply under Insuring Agreement **A.5.** to loss of "money", "securities" or "other property" while outside the "premises" in the care and custody of a "messenger" if you:
 - (a) Had no knowledge of any threat at the time the conveyance began; or
 - (b) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

g. Vandalism

Loss from damage to the "premises" or its exterior, or to any safe, vault, cash register, cash box, cash drawer or "other property" by vandalism or malicious mischief.

h. Voluntary Parting of Title to or Possession of Property

Loss resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.

4. Insuring Agreement A.6. does not cover:

a. Credit Card Transactions

Loss resulting from the use or purported use of credit, debit, charge, access, convenience, identification, stored-value or other cards or the information contained on such cards.

b. Funds Transfer Fraud

Loss resulting from a "fraudulent instruction" directing a financial institution to transfer, pay or deliver "funds" from your "transfer account".

c. Inventory Shortages

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.

5. Insuring Agreement A.7. does not cover:

Computer Fraud

Loss resulting from the use of any computer to fraudulently cause a transfer of "money", "securities" or "other property".

E. Conditions

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

1. Conditions Applicable to All Insuring Agreements

a. Additional Premises or Employees

If, while this insurance is in force, you establish any additional "premises" or hire additional "employees", other than through consolidation or merger with, or purchase or acquisition of assets or liabilities of, another entity, such "premises" and "employees" shall automatically be covered under this insurance. Notice to us of an increase in the number of "premises" or "employees" need not be given and no additional premium need be paid for the remainder of the Policy Period shown in the Declarations.

b. Concealment, Misrepresentation or Fraud

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

- (1) This insurance;
- (2) The property covered under this insurance;
- (3) Your interest in the property covered under this insurance; or
- (4) A claim under this insurance.

c. Consolidation – Merger or Acquisition

If you consolidate or merge with, or purchase or acquire the assets or liabilities of, another entity:

- (1) You must give us written notice as soon as possible and obtain our written consent to extend the coverage provided by this insurance to such consolidated or merged entity or such purchased or acquired assets or liabilities. We may condition our consent by requiring payment of an additional premium; but
- (2) For the first 90 days after the effective date of such consolidation, merger or purchase or acquisition of assets or liabilities, the coverage provided by this insurance shall apply to such consolidated or merged entity or such purchased or acquired assets or liabilities, provided that all "occurrences" causing or contributing to a loss involving such consolidation, merger or purchase or acquisition of assets or liabilities, must take place after the effective date of such consolidation, merger or purchase or acquisition of assets or liabilities.

d. Cooperation

You must cooperate with us in all matters pertaining to this insurance as stated in its terms and conditions.

e. Duties in the Event of Loss

After you discover a loss or a situation that may result in loss of or damage to "money", "securities" or "other property" you must:

- (1) Notify us as soon as possible. If you have reason to believe that any loss (except for loss covered under Insuring Agreement **A.1.** or **A.2.**) involves a violation of law, you must also notify the local law enforcement authorities.
- (2) Submit to examination under oath at our request and give us a signed statement of your answers.

- (3) Produce for our examination all pertinent records.
- (4) Give us a detailed, sworn proof of loss within 120 days.
- (5) Cooperate with us in the investigation and settlement of any claim.

f. Employee Benefit Plan

- (1) The "employee benefit plan(s)" shown in the Declarations (hereinafter referred to as Plan) are included as Insureds under Insuring Agreement **A.1.**
- (2) If any Plan is insured jointly with any other entity under this insurance, you or the Plan Administrator must select a Limit of Insurance for Insuring Agreement **A.1.** that is sufficient to provide a Limit of Insurance for each Plan that is at least equal to that required if each Plan were separately insured.
- (3) With respect to losses sustained or "discovered" by any such Plan, Insuring Agreement **A.1.** is replaced by the following:

We will pay for loss of or damage to "funds" and "other property" resulting directly from fraudulent or dishonest acts committed by an "employee", whether identified or not, acting alone or in collusion with other persons.
- (4) If the first Named Insured is an entity other than a Plan, any payment we make for loss sustained by any Plan will be made to the Plan sustaining the loss.
- (5) If two or more Plans are insured under this insurance, any payment we make for loss:
 - (a) Sustained by two or more Plans; or
 - (b) Of commingled "funds" or "other property" of two or more Plans; resulting directly from an "occurrence", will be made to each Plan sustaining loss in the proportion that the Limit of Insurance required for each Plan bears to the total Limit of Insurance of all Plans sustaining loss.
- (6) The Deductible Amount applicable to Insuring Agreement **A.1.** does not apply to loss sustained by any Plan.

g. Extended Period to Discover Loss

We will pay for loss that you sustained prior to the effective date of cancellation of this insurance, which is "discovered" by you;

- (1) No later than 1 year from the date of that cancellation. However, this extended period to "discover" loss terminates immediately upon the effective date of any other insurance obtained by you, whether from us or another insurer, replacing in whole or in part the coverage afforded, under this insurance, whether or not such other insurance provides coverage for loss sustained prior to its effective date.
- (2) No later than 1 year from the date of that cancellation with regard to any "employee benefit plans".

h. Joint Insured

- (1) 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.
- (2) If any Insured, or partner, "member" or officer of that Insured has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every Insured.
- (3) An "employee" of any Insured is considered to be an "employee" of every Insured.
- (4) If this insurance or any of its coverages is cancelled as to any Insured, loss sustained by that Insured is covered only if it is "discovered" by you.

- (a) No later than 1 year from the date of that cancellation. However, this extended period to "discover" loss terminates immediately upon the effective date of any other insurance obtained by that Insured, whether from us or another insurer, replacing in whole or in part the coverage afforded under this insurance, whether or not such other insurance provides coverage for loss sustained prior to its effective date.
- (b) No later than 1 year from the date of that cancellation with regard to any "employee benefit plans".
- (5) We will not pay more for loss sustained by more than one Insured than the amount we would pay if all such loss had been sustained by one Insured.
- (6) Payment by us to the first Named Insured for loss sustained by any Insured, other than an "employee benefit plan", shall fully release us on account of such loss.

i. 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;
- (2) Until 90 days after you have filed proof of loss with us; and
- (3) Unless brought within 2 years from the date you "discovered" the loss.

If any limitation in this Condition is prohibited by law, such limitation is amended so as to equal the minimum period of limitation provided by such law.

j. Liberalization

If we adopt any revision that would broaden the coverage under this insurance without additional premium within 45 days prior to or during the Policy Period shown in the Declarations, the broadened coverage will immediately apply to this insurance.

k. Loss Sustained During Prior Insurance Issued by Us or Any Affiliate

(1) Loss Sustained Partly During this Insurance and Partly During Prior Insurance

If you "discover" loss during the Policy Period shown in the Declarations, resulting directly from an "occurrence" taking place:

- (a) Partly during the Policy Period shown in the Declarations; and
- (b) Partly during the Policy Period(s) of any prior cancelled insurance that we or any affiliate issued to you or any predecessor in interest;

and this insurance became effective at the time of cancellation of the prior insurance, we will first settle the amount of loss that you sustained during this Policy Period. We will then settle the remaining amount of loss that you sustained during the Policy Period(s) of the prior insurance.

(2) Loss Sustained Entirely During Prior Insurance

If you "discover" loss during the Policy Period shown in the Declarations, resulting directly from an "occurrence" taking place entirely during the Policy Period(s) of any prior cancelled insurance that we or any affiliate issued to you or any predecessor in interest, we will pay for the loss, provided:

- (a) This insurance became effective at the time of cancellation of the prior insurance; and
- (b) The loss would have been covered under this insurance had it been in effect at the time of the "occurrence".

We will first settle the amount of loss that you sustained during the most recent prior insurance. We will then settle any remaining amount of loss that you sustained during the Policy Period(s) of any other prior insurance.

(3) In settling loss subject to this Condition:

- (a) The most we will pay for the entire loss is the highest single Limit of Insurance applicable during the period of loss, whether such limit was written under this insurance or was written under the prior insurance issued by us.
- (b) We will apply the applicable Deductible Amount shown in the Declarations to the amount of loss sustained under this insurance. If no loss was sustained under this insurance, we will apply the Deductible Amount shown in the Declarations to the amount of loss sustained under the most recent prior insurance.

If the Deductible Amount is larger than the amount of loss sustained under this insurance, or the most recent prior insurance, we will apply the remaining Deductible Amount to the remaining amount of loss sustained during the prior insurance.

We will not apply any other Deductible Amount that may have been applicable to the loss.

(4) The following examples demonstrate how we will settle losses subject to this Condition **E.1.k.:**

EXAMPLE NO. 1:

The insured sustained a covered loss of \$10,000 resulting directly from an "occurrence" taking place during the terms of Policy **A** and Policy **B**.

Policy A. The current policy. Written at a Limit of Insurance of \$50,000 and a Deductible Amount of \$5,000.

Policy B. Issued prior to Policy **A**. Written at a Limit of Insurance of \$50,000 and a Deductible Amount of \$5,000.

The amount of loss sustained under Policy **A** is \$2,500 and under Policy **B** is \$7,500.

The highest single Limit of Insurance applicable to this entire loss is \$50,000 written under Policy **A**.

The Policy **A** Deductible Amount of \$5,000 applies. The loss is settled as follows:

- a. The amount of loss sustained under Policy **A** (\$2,500) is settled first. The amount we will pay is nil (\$0.00) because the amount of loss is less than the Deductible Amount (i.e., \$2,500 loss - \$5,000 deductible = \$0.00).
- b. The remaining amount of loss sustained under Policy **B** (\$7,500) is settled next. The amount recoverable is \$5,000 after the remaining Deductible Amount from Policy **A** of \$2,500 is applied to the loss (i.e., \$7,500 loss - \$2,500 deductible = \$5,000).

The most we will pay for this loss is \$5,000.

EXAMPLE NO. 2:

The insured sustained a covered loss of \$250,000 resulting directly from an "occurrence" taking place during the terms of Policy **A** and Policy **B**.

Policy A. The current policy. Written at a Limit of Insurance of \$125,000 and a Deductible Amount of \$10,000.

Policy B. Issued prior to Policy **A**. Written at a Limit of Insurance of \$150,000 and a Deductible Amount of \$25,000.

The amount of loss sustained under Policy **A** is \$175,000 and under Policy **B** is \$75,000.

The highest single Limit of Insurance applicable to this entire loss is \$150,000 written under Policy **B**.

The Policy **A** Deductible Amount of \$10,000 applies.

The loss is settled as follows:

- (1) The amount of loss sustained under Policy **A** (\$175,000) is settled first. The amount we will pay is the Policy **A** Limit of \$125,000 because \$175,000 loss - \$10,000 deductible = \$165,000 which is greater than the \$125,000 policy limit.
- (2) The remaining amount of loss sustained under Policy **B** (\$75,000) is settled next. The amount we will pay is \$25,000 (i.e., \$150,000 Policy **B** limit - \$125,000 paid under Policy **A** = \$25,000). The most we will pay for this loss is \$150,000.

EXAMPLE NO. 3:

The insured sustained a covered loss of \$2,000,000 resulting directly from an "occurrence" taking place during the terms of Policies **A**, **B**, **C** and **D**.

Policy A. The current policy. Written at a Limit of Insurance of \$1,000,000 and a Deductible Amount of \$100,000.

Policy B. Issued prior to Policy **A**. Written at a Limit of Insurance of \$750,000 and a Deductible Amount of \$75,000.

Policy C. Issued prior to Policy **B**. Written at a Limit of Insurance of \$500,000 and a Deductible Amount of \$50,000.

Policy D. Issued prior to Policy **C**. Written at a Limit of Insurance of \$500,000 and a Deductible Amount of \$50,000.

The amount of loss sustained under Policy **A** is \$350,000, under Policy **B** is \$250,000, under Policy **C** is \$600,000 and under Policy **D** is \$800,000.

The highest single Limit of Insurance applicable to this entire loss is \$1,000,000 written under Policy **A**. The Policy **A** Deductible Amount of \$100,000 applies. The loss is settled as follows:

- (1) The amount of loss sustained under Policy **A** (\$350,000) is settled first. The amount we will pay is \$250,000 (i.e., \$350,000 loss - \$100,000 deductible = \$250,000).
- (2) The amount of loss sustained under Policy **B** (\$250,000) is settled next. The amount we will pay is \$250,000 (no deductible is applied).
- (3) The amount of loss sustained under Policy **C** (\$600,000) is settled next. The amount we will pay is \$500,000, the policy limit (no deductible is applied).
- (4) We will not make any further payment under Policy **D** as the maximum amount payable under the highest single Limit of Insurance applying to the loss of \$1,000,000 under Policy **A** has been satisfied. The most we will pay for this loss is \$1,000,000.

I. Loss Sustained During Prior Insurance Not Issued by Us or Any Affiliate

- (1) If you "discover" loss during the Policy Period shown in the Declarations, resulting directly from an "occurrence" taking place during the Policy Period of any prior cancelled insurance that was issued to you or a predecessor in interest by another company, and the period of time to discover loss under that insurance had expired, we will pay for the loss under this insurance, provided:
 - (a) This insurance became effective at the time of cancellation of the prior insurance; and
 - (b) The loss would have been covered under this insurance had it been in effect at the time of the "occurrence".
- (2) In settling loss subject to this Condition:

- (a) The most we will pay for the entire loss is the lesser of the Limits of Insurance applicable during the period of loss, whether such limit was written under this insurance or was written under the prior cancelled insurance.
- (b) We will apply the applicable Deductible Amount shown in the Declarations to the amount of loss sustained under the prior cancelled insurance.
- (3) The insurance provided under this Condition is subject to the following:
 - (a) If loss covered under this Condition is also partially covered under Condition **E.1.k.**, the amount recoverable under this Condition is part of, not in addition to, the amount recoverable under Condition **E.1.k.**
 - (b) For loss covered under this Condition that is not subject to Paragraph **(3)(a)**, the amount recoverable under this Condition is part of, not in addition to, the Limit of Insurance applicable to the loss covered under this insurance and is limited to the lesser of the amount recoverable under:
 - i. This insurance as of its effective date; or
 - ii. The prior cancelled insurance had it remained in effect.

m. Other Insurance

If other valid and collectible insurance is available to you for loss covered under this insurance, our obligations are limited as follows:

(1) Primary Insurance

When this insurance is written as primary insurance, and:

- (a) You have other insurance subject to the same terms and conditions as this insurance, we will pay our share of the covered loss. Our share is the proportion that the applicable Limit of Insurance shown in the Declarations bears to the total limit of all insurance covering the same loss.
- (b) You have other insurance covering the same loss other than that described in Paragraph **(1)(a)**, we will only pay for the amount of loss that exceeds:
 - i. The Limit of Insurance and Deductible Amount of that other insurance, whether you can collect on it or not; or
 - ii. The Deductible Amount shown in the Declarations; whichever is greater. Our payment for loss is subject to the terms and conditions of this insurance.

(2) Excess Insurance

- (a) When this insurance is written excess over other insurance, we will only pay for the amount of loss that exceeds the Limit of Insurance and Deductible Amount of that other insurance, whether you can collect on it or not. Our payment for loss is subject to the terms and conditions of this insurance.
- (b) However, if loss covered under this insurance is subject to a Deductible, we will reduce the Deductible Amount shown in the Declarations by the sum total of all such other insurance plus any Deductible Amount applicable to that other insurance.

n. Ownership of Property; Interests Covered

The property covered under this insurance is limited to property:

- (1) That you own or lease; or
- (2) That you hold for others whether or not you are legally liable for the loss of such property.

However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization. Any claim for loss that is covered under this insurance must be presented by you.

o. Records

You must keep records of all property covered under this insurance so we can verify the amount of any loss.

p. Recoveries

- (1) Any recoveries, whether effected before or after any payment under this insurance, whether made by us or you, shall be applied net of the expense of such recovery:
 - (a) First, to you in satisfaction of your covered loss in excess of the amount paid under this insurance;
 - (b) Second, to us in satisfaction of amounts paid in settlement of your claim;
 - (c) Third, to you in satisfaction of any Deductible Amount; and
 - (d) Fourth, to you in satisfaction of any loss not covered under this insurance.
- (2) Recoveries do not include any recovery:
 - (a) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
 - (b) Of original "securities" after duplicates of them have been issued.

q. Territory

This insurance covers loss that you sustain resulting directly from an "occurrence" taking place within the United States of America (including its territories and possessions), Puerto Rico and Canada.

r. Transfer of Your Rights of Recovery Against Others to Us

You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.

s. Valuation – Settlement

- (1) The value of any loss for purposes of coverage under this policy shall be determined as follows:
 - (a) Loss of "money" but only up to and including its face value. We will, at your option, pay for loss of "money" issued by any country other than the United States of America:
 - i. At face value in the "money" issued by that country; or
 - ii. In the United States of America dollar equivalent determined by the rate of exchange published in The Wall Street Journal on the day the loss was "discovered".
 - (b) Loss of "securities" but only up to and including their value at the close of business on the day the loss was "discovered". We may, at our option:
 - i. Pay the market value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or
 - ii. 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:

iii. Market value of the "securities" at the close of business on the day the loss was "discovered"; or

iv. The Limit of Insurance applicable to the "securities".

(c) Loss of or damage to "other property" or loss from damage to the "premises" or its exterior for the replacement cost of the property without deduction for depreciation. However, we will not pay more than the least of the following:

i. The cost to replace the lost or damaged property with property of comparable material and quality and used for the same purpose;

ii. The amount you actually spend that is necessary to repair or replace the lost or damaged property; or

iii. The Limit of Insurance applicable to the lost or damaged property.

With regard to Paragraphs **s.(1)(c)(i)** through **s.(1)(c)(iii)**, we will not pay on a replacement cost basis for any loss or damage:

i. Until the lost or damaged property is actually repaired or replaced; and

ii Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

If the lost or damaged property is not repaired or replaced, we will pay on an actual cash value basis.

(2) We will, at your option, settle loss or damage to property other than "money":

(a) In the "money" of the country in which the loss or damage occurred; or

(b) In the United States of America dollar equivalent of the "money" of the country in which the loss or damage occurred determined by the rate of exchange published in *The Wall Street Journal* on the day the loss was "discovered".

(3) Any property that we pay for or replace becomes our property.

2. Conditions Applicable to Insuring Agreement A.1.

a. Indemnification

We will indemnify any of your "employees" who are required by law to give individual bonds for the faithful performance of their duties against loss through "theft" committed by "employees" who serve under them, subject to the applicable Limit of Insurance.

b. Termination as to Any Employee

This Insuring Agreement terminates as to any "employee":

(1) As soon as:

(a) You; or

(b) Any of your partners, "members", "managers", officers, directors, or trustees not in collusion with the "employee"; learn of "theft" or any other dishonest act committed by the "employee" whether before or after becoming employed by you.

(2) On the date specified in a notice mailed to the first Named Insured. That date will be at least 30 days after the date of mailing.

We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

c. Territory

We will pay for loss caused by any "employee" while temporarily outside the territory specified in the Territory Condition **E.1.q.** for a period of not more than 90 consecutive days.

3. Conditions Applicable to Insuring Agreement A.2.

a. Deductible Amount

The Deductible Amount does not apply to legal expenses paid under Insuring Agreement **A.2.**

b. Electronic and Mechanical Signatures

We will treat signatures that are produced or reproduced electronically, mechanically or by other means the same as handwritten signatures.

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 resulting directly from an "occurrence" taking place anywhere in the world. Territory Condition **E.1.q.** does not apply to Insuring Agreement **A.2.**

4. Conditions Applicable to Insuring Agreements A.4. And A.5.

a. Armored Motor Vehicle Companies

Under Insuring Agreement **A.5.**, we will only pay for the amount of loss you cannot recover:

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

b. Special Limit of Insurance for Specified Property

We will only pay up to \$5,000 for any one "occurrence" of loss of or damage to:

- (1) Precious metals, precious or semi-precious stones, pearls, furs, or completed or partially completed articles made of or containing such materials that constitute the principal value of such articles; or
- (2) Manuscripts, drawings, or records of any kind or the cost of reconstructing them or reproducing any information contained in them.

5. Conditions Applicable to Insuring Agreement A.6.

a. Special Limit of Insurance for Specified Property

We will only pay up to \$5,000 for any one "occurrence" of loss of or damage to manuscripts, drawings, or records of any kind or the cost of reconstructing them or reproducing any information contained in them.

b. Territory

We will cover loss you sustain resulting directly from an "occurrence" taking place anywhere in the world. Territory Condition **E.1.q.** does not apply to Insuring Agreement **A.6.**

F. Definitions

1. "Banking premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.
2. "Counterfeit money" means an imitation of "money" that is intended to deceive and to be taken as genuine.
3. "Custodian" means you, or any of your partners or "members", or any "employee" while having care and custody of property inside the "premises", excluding any person while acting as a "watchperson" or janitor.

4. "Discover" or "discovered" means the time when you first become aware of facts which would cause a reasonable person to assume that a loss of a type covered by this insurance has been or will be incurred, regardless of when the act or acts causing or contributing to such loss occurred, even though the exact amount or details of loss may not then be known.

"Discover" or "discovered" also means the time when you first receive notice of an actual or potential claim in which it is alleged that you are liable to a third party under circumstances which, if true, would constitute a loss under this insurance

5. "Employee":

a. "Employee" means:

(1) Any natural person:

- (a) While in your service and for the first 30 days immediately after termination of service, unless such termination is due to "theft" or any dishonest act committed by the "employee";
- (b) Who you compensate directly by salary, wages or commissions; and
- (c) Who you have the right to direct and control while performing services for you;

(2) Any natural person who is furnished temporarily to you:

- (a) To substitute for a permanent "employee" as defined in Paragraph **a.(1)**, who is on leave; or
- (b) To meet seasonal or short-term work load conditions; while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the "premises";

(3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary "employee" as defined in Paragraph **a.(2)**;

(4) Any natural person who is:

- (a) A trustee, officer, "employee", administrator or "manager", except an administrator or "manager" who is an independent contractor, of any "employee benefit plan"; and
- (b) A director or trustee of yours while that person is engaged in handling "funds" or "other property" of any "employee benefit plan";

(5) Any natural person who is a former "employee", partner, "member", "manager", director or trustee retained as a consultant while performing services for you;

(6) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the "premises";

(7) Any "employee" of an entity merged or consolidated with you prior to the effective date of this policy; or

(8) Any of your "managers", directors or trustees while:

- (a) Performing acts within the scope of the usual duties of an "employee"; or
- (b) Acting as a member of any committee duly elected or appointed by resolution of your board of directors or board of trustees to perform specific, as distinguished from general, directorial acts on your behalf.

(9) Any non-compensated natural person:

- (a) Other than one who is a fund solicitor, while performing services for you that are usual to the duties of an "employee"; or

(b) While acting as a fund solicitor during fund raising campaigns.

b. "Employee" does not mean:

Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified in Paragraph **5.a.**

6. "Employee benefit plan" means any welfare or pension benefit plan shown in the Declarations that you sponsor and which is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.
7. "Forgery" means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.
8. "Fraudulent instruction" means:
 - a. An electronic, telegraphic, cable, teletype, telefacsimile or telephone instruction which purports to have been transmitted by you, but which was in fact fraudulently transmitted by someone else without your knowledge or consent;
 - b. A written instruction (other than those described in Insuring Agreement **A.2.**) issued by you, which was forged or altered by someone other than you without your knowledge or consent, or which purports to have been issued by you, but was in fact fraudulently issued without your knowledge or consent; or
 - c. An electronic, telegraphic, cable, teletype, telefacsimile, telephone or written instruction initially received by you which purports to have been transmitted by an "employee" but which was in fact fraudulently transmitted by someone else without your or the "employee's" knowledge or consent.
9. "Funds" means "money" and "securities".
10. "Manager" means a person serving in a directorial capacity for a limited liability company.
11. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".
12. "Messenger" means you, or a relative of yours, or any of your partners or "members", or any "employee" while having care and custody of property outside the "premises".
13. "Money" means:
 - a. Currency, coins and bank notes in current use and having a face value; and
 - b. Travelers checks, register checks and money orders held for sale to the public.
14. "Occurrence" means:
 - a. Under Insuring Agreement **A.1.:**
 - (1) An individual act;
 - (2) The combined total of all separate acts whether or not related; or
 - (3) A series of acts whether or not related;committed by an "employee" acting alone or in collusion with other persons, during the Policy Period shown in the Declarations, except as provided under Condition **E.1.k.** or **E.1.l.**
 - b. Under Insuring Agreement **A.2.:**
 - (1) An individual act;
 - (2) The combined total of all separate acts whether or not related; or

- (3) A series of acts whether or not related; committed by a person acting alone or in collusion with other persons, involving one or more instruments, during the Policy Period shown in the Declarations, except as provided under Condition **E.1.k.** or **E.1.l.**
- c. Under All Other Insuring Agreements:
 - (1) An individual act or event
 - (2) The combined total of all separate acts or events whether or not related; or
 - (3) A series of acts or events whether or not related; committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations, except as provided under Condition **E.1.k.** or **E.1.l.**
- 15. "Other property" means any tangible property other than "money" and "securities" that has intrinsic value. "Other property" does not include computer programs, electronic data or any property specifically excluded under this insurance.
- 16. "Premises" means the interior of that portion of any building you occupy in conducting your business.
- 17. "Robbery" means the unlawful taking of property from the care and custody of a person by one who has:
 - a. Caused or threatened to cause that person bodily harm; or
 - b. Committed an obviously unlawful act witnessed by that person.
- 18. "Safe burglary" means the unlawful taking of:
 - a. Property from within a locked safe or vault by a person unlawfully entering the safe or vault as evidenced by marks of forcible entry upon its exterior; or
 - b. A safe or vault from inside the "premises".
- 19. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or property and includes:
 - a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you; but does not include "money".
- 20. "Theft" means the unlawful taking of property to the deprivation of the Insured.
- 21. "Transfer account" means an account maintained by you at a financial institution from which you can initiate the transfer, payment or delivery of "funds":
 - a. By means of electronic, telegraphic, cable, teletype, telefacsimile or telephone instructions communicated directly through an electronic funds transfer system; or
 - b. By means of written instructions (other than those described in Insuring Agreement **A.2.**) establishing the conditions under which such transfers are to be initiated by such financial institution through an electronic funds transfer system.
- 22. "Watchperson" means any person you retain specifically to have care and custody of property inside the "premises" and who has no other duties.

**ADD FAITHFUL PERFORMANCE OF DUTY
COVERAGE FOR EMPLOYEES**

THIS ENDORSEMENT CHANGES THE COVERAGE FORM.

PLEASE READ IT CAREFULLY.

**THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:
COMMERCIAL CRIME COVERAGE FORM**

A. Provisions

1. The following is added to the Employee Theft Insuring Agreement designated above: We will pay for loss or damage to "money", "securities" and "other property" resulting directly from the failure of any "employee" to faithfully perform his or her duties as prescribed by law, when such failure has as its direct and immediate result a loss of your covered property.
2. As respects the coverage provided by this endorsement, the following exclusions are added to Section D.2. Exclusions:
 - d. Loss resulting from the failure of any entity acting as a depository for your property or property for which you are responsible.
 - e. Damages for which you are legally liable as a result of:
 - (1) The deprivation or violation of the civil rights of any person by an "employee"; or
 - (2) The tortious conduct of an "employee", except the conversion of property of other parties held by you in any capacity.
3. As respects the coverage provided by this endorsement, Paragraph 2.b.(1) of the Termination As To Any Employee Condition is replaced by the following:
 - (1) As soon as:
 - (a) You; or
 - (b) Any "employee" authorized to manage, govern or control your "employees" learn of any act committed by the "employee" whether before or after becoming employed by you which would constitute a loss covered under the terms of the Employee Theft Insuring Agreement, as amended by this endorsement.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.



A FAIRFAX Company

Allied World Specialty Insurance Company
 1690 New Britain Ave, Suite 101
 Farmington, CT 06032
 (860) 284-1300

COMMERCIAL GENERAL LIABILITY COVERAGE FORM SUPPLEMENTAL DECLARATIONS

NAMED INSURED: Windermere Oaks Water Supply Corporation	POLICY NUMBER: 5105-0560-06
	EFFECTIVE DATE: 3/17/2019

THIS COVERAGE FORM AND ENDORSEMENTS MAY PROVIDE COVERAGE ON A CLAIMS MADE BASIS. PLEASE READ THE ENTIRE COVERAGE FORM AND ENDORSEMENTS CAREFULLY.

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS COVERAGE FORM, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS COVERAGE FORM.

LIMITS OF INSURANCE

General Aggregate Limit (Bodily Injury, Property Damage & Medical Expenses)	\$ 3,000,000
Products/Completed Operations Aggregate Limit	\$ 3,000,000
Personal and Advertising Injury Limit	\$ 1,000,000
Each Occurrence Limit	\$ 1,000,000
Damage to Premises Rent to You Limit	\$ 1,000,000 Any One Premises
Medical Expenses Limit	\$ 10,000 Any One Person

ADDITIONAL LIABILITY COVERAGES

Employee Benefit Plans	Occurrence Form
Each Employee Aggregate Limit	\$ N/A \$ N/A
Retroactive Date	N/A

Hired and Non-Owned Auto Liability Coverage

Aggregate Limit	\$ N/A
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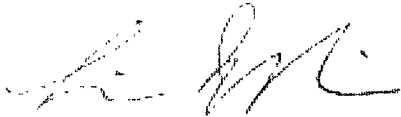
FORMS AND ENDORSEMENTS APPLICABLE TO THIS COVERAGE PART:

WA-GL 00002 00 (07/15)
WA-GL 00003 00 (03-12)
WA-GL 00005 42 (03/12)
WA-GL 00006 00 (03/12)
WA-GL 00013 00 (03/12)
WA-GL 00014 00 (03/12)
WA-GL 00022 00 (02/15)
WA-GL 00041 42 (07/15)
WA-GL 00051 00 (08/16)

THESE DECLARATIONS, TOGETHER WITH THE COMMON POLICY CONDITIONS AND COVERAGE FORM(S) AND ANY ENDORSEMENT(S), COMPLETE THE ABOVE NUMBERED POLICY.

Dam, Reservoir or Levee Structural Failure or Collapse Schedule of Covered Structures		
NPDP ID	Dam, Reservoir or Levee Name	Location

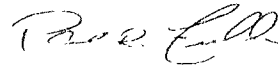
In Witness Whereof, the Insurer has caused this policy to be executed and attested, but this policy shall not be valid unless countersigned by a duly authorized representative of the Insurer.



President



Secretary



AUTHORIZED REPRESENTATIVE

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

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

Throughout this Coverage Form the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this Coverage Form. The words "we," "us" and "our" refer to the company providing this insurance. The words "policy period" mean the term of duration of the policy shown in the Declarations.

The word "insured" means any person or organization qualifying as such under **Section II. – Who Is An Insured.**

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

SECTION I. – COVERAGES

COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

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

- (1) The amount we will pay for damages is limited as described in **SECTION III – LIMITS OF INSURANCE**; and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under **Coverages A, B** or medical expenses under **Coverage C.**

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under **SUPPLEMENTARY PAYMENTS – COVERAGES A AND B.**

- b. This insurance applies to "bodily injury" or "property damage" only if.
- (1) The "bodily injury" or "property damage" is caused by an "occurrence" arising out of your operations that takes place in the "coverage territory";
 - (2) The "bodily injury" or "property damage" occurs during the policy period, and
 - (3) Prior to the policy period, no insured listed under Paragraph 1., Paragraph 2.a., or Paragraph 2.f. of **SECTION II. – WHO IS AN INSURED** and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew or had reason to know that the "bodily injury" or "property damage" had occurred in whole or in part. If such a listed insured or authorized "employee" knew or had reason to know, prior to the policy period, that the "bodily injury" or "property damage" occurred in whole or part, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known to have occurred prior to the policy period.
- c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1., Paragraph 2.a., or Paragraph 2.f. of **SECTION II. – WHO IS AN INSURED** or any "employee" authorized by you to give or receive notice of an "occurrence", or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

- d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred when any insured listed under Paragraph 1., Paragraph 2.a., or Paragraph 2.f. of **SECTION II – WHO IS AN INSURED** or any insured authorized by you to give or receive notice of an "occurrence" or claim:
 - (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
 - (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
 - (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.
- e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".
- f. The insurance provided under **COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY** is extended to apply to "bodily injury" or "property damage" arising out of your "water or wastewater professional activity". An act, error or omission arising out of your "water or wastewater professional activity" shall be considered one "occurrence".

2. Exclusions Applicable to Coverage A

This insurance does not apply to:

a. Aircraft, Auto or Watercraft

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

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

This exclusion does not apply to:

- (1) An aircraft with a maximum passenger capacity of twenty (20) persons (including crew) that you do not own used solely for business travel of employees.
- (2) A watercraft while ashore on premises you own or rent;
- (3) A watercraft you do not own that is:
 - (a) Less than 26 feet long
 - (b) Not being used to carry persons or property for a charge
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft;
- (5) A watercraft you own that is:
 - (a) Powered by a motor or combination of motors of 250 horsepower or less;
 - (b) Not powered by a motor; or
 - (c) A "personal watercraft";
- (6) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured; or
- (7) "Bodily injury" or "property damage" arising out of:

- (a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it licensed or principally garaged; or
- (b) The operation of any of the machinery or equipment listed in Paragraph f.(2) or f.(3) of the definition of "mobile equipment".

b. Asbestos

Any injury, damage, expense, cost, loss, liability or legal obligation arising out of or in any way related to asbestos or asbestos-containing materials, or exposure thereto, or for the costs of abatement, mitigation, removal, elimination or disposal of any of them.

This exclusion does not apply to "bodily injury" or "property damage" arising out of "potable water" which you supply to others.

c. Contractual Liability

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

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs or takes place subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage" provided.
 - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
 - (b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

d. Dam, Reservoir or Levee Structural Failure or Collapse

"Bodily injury" or "property damage", loss, costs or expense arising directly or indirectly out of the structural failure, collapse, bursting, flooding, cracking, settling, seepage, underseepage, spillage, subsidence, landslide or other earth movement of any dam, reservoir, levee, or dike owned, operated, maintained, constructed or controlled by any insured.

This exclusion does not apply to "bodily injury" or "property damage", loss, costs or expense arising directly or indirectly out of the structural failure, collapse, bursting, flooding, cracking, settling, spillage, subsidence, landslide or other earth movement of any dam, reservoir, levee or dike which is scheduled in the coverage declarations.

e. Damage to Impaired Property or Property Not Physically Injured

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

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

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

f. Damage to Property

"Property damage" to:

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

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented or loaned to you for a period of 30 or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in **SECTION III. – LIMITS OF INSURANCE**.

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

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

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

g. Damage to Your Product

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

h. Damage to Your Work

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

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

i. Distribution of Material in Violation of Statutes

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

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
- (3) Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

j. Electronic Data

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

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

k. Employer's Liability

"Bodily injury" to.

- (1) An "employee" of the insured arising out of or in the course of.
 - (a) Employment by the insured; or
 - (b) Performing duties related to the conduct of the insured's operations;
- (2) A "volunteer worker", if you provide or are required to provide benefits for such "volunteer worker" under any workers' compensation, disability benefits, or unemployment compensation law, or any similar law; or
- (3) The spouse, child, parent, brother or sister of that "employee" or "volunteer worker" as a consequence of (1) or (2) above.

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

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

l. Employment Practices and Employee Benefit Plans

"Bodily injury" or "property damage" arising out of your "employment practices" or "administration" of your "employee benefit plans".

m. Expected or Intended Injury

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

This exclusion does not apply to "bodily injury" or "property damage" resulting from reasonable force to protect persons or property.

n. Fungi or Bacteria

- (1) Any injury or damage which would not have occurred or taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.
- (2) Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.
- (3) This exclusion does not apply:
 - (a) To any "fungi" or bacteria that are, are on, or are contained in a good or product intended for consumption; or
 - (b) To any injury or damage arising out of or caused by your water or waste water treatment process or sewage operations.

o. Lead, Electromagnetic Radiation, Nuclear

- (1) Any injury, damage, expense, cost, loss, liability or legal obligation arising out of or in any way related to:
 - (a) The toxic properties of lead, or any material or substance containing lead with the exception of "potable water" which you supply to others; or
 - (b) Electromagnetic radiation; or exposure thereto, or for the costs of abatement, mitigation, removal, elimination, or disposal of any of them.
- (2) Any loss, cost or expense arising out of any actual, alleged or threatened injury or damage to any person or property from any radioactive matter or nuclear material.

p. Mobile Equipment

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

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

q. Personal and Advertising Injury

"Bodily injury" arising out of "personal and advertising injury".

r. Pollution

Any injury, damage, expense, cost, loss, liability or legal obligation arising out of or in any way related to pollution, however caused. Pollution includes the actual, alleged, or potential presence in or introduction into the environment of any substance if such substance has, or is alleged to have, the effect of making the environment impure, harmful or dangerous.

Environment includes any air, land, structure (or the air within), watercourse or other body of water, including underground water.

- (1) This exclusion does not apply:
 - (a) To "bodily injury" if sustained within a building which is or was at any time owned or occupied by, or rented or loaned to, any insured and is caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests.
 - (b) To "bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire" unless that "hostile fire" occurred or originated:
 - (i) At any premises, site or location which is or was at any time used by any insured or others for the handling, storage, disposal, processing or treatment of waste; or
 - (ii) At any premises, site or location on which any insured or other contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize or in any way respond to, or assess the effects of, "pollutants" except to the extent coverage is provided in Paragraph (c) below.
 - (c) To "bodily injury" or "property damage" which occurs or takes place as a result of your operations provided the "bodily injury" or "property damage" is not otherwise excluded in whole or in part and arises out of the following:
 - (i) "Potable water" which you supply to others;
 - (ii) Chemicals you use in your water or wastewater treatment process;
 - (iii) Natural gas or propane gas you use in your water or wastewater treatment process;

- (iv) Urgent response for the protection of property, human life, health or safety conducted away from premises owned by or rented to or regularly occupied by you;
- (v) Your application of pesticide or herbicide if such application meets all standards of any statute, ordinance, regulation or license requirement of any federal, state or local government;
- (vi) Smoke drift from controlled or prescribed burning that has been authorized and permitted by the respective regulatory agency.
- (vii) Fuels, lubricants or other operating fluids needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, but only if:
 - (a) The fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them; and
 - (b) The fuels, lubricants or other operating fluids are not:
 - (i) Intentionally discharged; or
 - (ii) Brought on or to a premises, site or location with the intent to be discharged as part of the operations being performed by an insured, contractor or subcontractor.

- (d) "Bodily Injury" and "property damage" arising out of the actual, alleged, or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" if such "bodily injury" or "property damage" is sudden and accidental and neither expected nor intended by an Insured. However, no coverage is provided under this exception for petroleum underground storage tanks; or

Paragraph (1)(c) and (1)(d) of this exclusion only apply if the discharge is accidental, unintended and stopped as soon as possible. The entirety of any discharge or series of related discharges will be deemed a single discharge regardless of the length of time over which the "pollutants" are released. The entirety of any discharge or series of related discharges will be deemed to have only occurred at the date the earliest discharge commenced.

- (e) To "bodily injury" or to "property damage" if such "bodily injury" or "property damage" is caused by the escape or back-up of sewage or waste water from any sewage treatment facility or fixed conduit or piping that you own, operate, lease, control or for which you have the right of way, but only if "property damage" occurs away from land you own or lease.

- (2) This insurance does not apply to any loss, cost or expense arising out of any:

- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

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

Discharge as used in this exclusion includes dispersal, seepage, migration, release or escape.

s. Professional Services

Any liability arising out of any act, error, omission, malpractice or mistake of a professional nature committed by the insured or any person for whom the insured is legally responsible. It is understood this exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured.

However, this exclusion does not apply to "bodily injury" or "property damage" arising out of your "water or wastewater professional activities".

t. Public Use of Property

"Bodily injury" or "property damage" arising out of the principles of eminent domain, condemnation, inverse condemnation or adverse possession.

u. Recall of Products, Work or Impaired Property

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

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

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

v. Riot, Civil Commotion or Mob Action

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

- (1) Riot, civil commotion or mob action; or
- (2) Any act or omission in connection with the prevention or suppression of a riot, civil commotion or mob action.

w. Sexual Abuse

"Bodily injury" arising out of the "sexual abuse" of any person. However, this exclusion shall not apply to the Named Insured if no elected or appointed official, "executive officer", officer, director, or trustee of the Named Insured knew or had reason to know of the "sexual abuse". Also, we will defend an insured for covered civil action subject to the other terms of this Coverage Form until either a judgment or final adjudication establishes such an act, or the insured confirms such act.

x. Specific Operations

"Bodily injury" or "property damage" arising from the ownership, operation, maintenance, entrustment to others, or use of any:

- (1) Gas or electric generation facility; or
- (2) Sanitary landfill, dump, or other permanent waste disposal facility.

y. War

- (1) "Bodily injury" or "property damage", however caused, arising, directly or indirectly, out of
- (2) War, including undeclared or civil war;
- (3) 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

- (4) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

z. Workers' Compensation and Similar Laws

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

aa. Liquor Liability

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

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

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

Exclusions a. through c., e. through m., and o. through z., do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in **SECTION III. – LIMITS OF INSURANCE**.

COVERAGE B. PERSONAL AND ADVERTISING INJURY

1. Insuring Agreement

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

- (1) The amount we will pay for damages is limited as described in **SECTION III. – LIMITS OF INSURANCE**; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under **Coverages A or B** or medical expenses under **Coverage C**.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under **SUPPLEMENTARY PAYMENTS – COVERAGES A AND B**.

- b. This coverage applies to "personal and advertising injury" only if.

- (1) The "personal and advertising injury" is caused by an offense arising out of your operations; and
- (2) The offense is committed in the "coverage territory" during the policy period.

2. Exclusions Applicable to Coverage B

This insurance does not apply to:

a. Asbestos

Any injury, damage, expense, cost, loss, liability or legal obligation arising out of or in any way related to asbestos or asbestos-containing materials, or exposure thereto, or for the costs of abatement, mitigation, removal, elimination or disposal of any of them.

b. Breach of Contract

"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

c. Contractual Liability

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

d. Criminal Acts

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

e. Distribution of Material in Violation of Statutes

- (1) "Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:
- (2) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (3) The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
- (4) Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communication or distribution of material or information.

f. Electronic Chatrooms or Bulletin Boards

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

g. Employment Practices and Employee Benefit Plans

"Personal and advertising injury" arising out of your "employment practices" or "administration" of your "employee benefit plans".

h. Fungi or Bacteria

- (1) Any injury which would not have occurred or taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.
- (2) Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi".

i. Infringement of Copyright, Patent, Trademark or Trade Secret

"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your "advertisement".

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

j. Insureds in Media and Internet Type Businesses

"Personal and advertising injury" committed by an insured whose business is:

- (1) Advertising, broadcasting, publishing or telecasting;
- (2) Designing or determining content of web-sites for others; or

(3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs 18.a. b., and c. of "personal and advertising injury" under the Definitions section.

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

k. Knowing Violation of the Rights of Another

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

l. Lead, Electromagnetic Radiation, Nuclear

(1) Any injury, expense, cost, loss, liability or legal obligation arising out of or in any way related to:

(a) The toxic properties of lead, or any material or substance containing lead; or

(b) Electromagnetic radiation;

or exposure thereto, or for the costs of abatement, mitigation, removal, elimination or disposal of any of them.

(2) Any loss, cost or expense arising out of any actual, alleged or threatened injury to any person or property from any radioactive matter or nuclear material.

m. Material Published Prior to Policy Period

"Personal and advertising injury" arising out of the oral or written publication of material whose first publication took place before the beginning of the policy period.

n. Material Published with Knowledge of Falsity

"Personal and advertising injury" arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity.

o. Pollution

"Personal and advertising injury" arising out of or in any way related to pollution, however caused. Pollution includes the actual, alleged, or potential presence in or introduction into the environment of any substance if such substance has, or is alleged to have, the effect of making the environment impure, harmful or dangerous. Environment includes any air, land, structure (or the air therein), watercourse or other body of water, including underground water.

p. Pollution Related

Any loss, cost or expense arising out of any:

(1) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

(2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

q. Professional Services

Any liability arising out of any act, error, omission, malpractice or mistake of a professional nature committed by the insured or any person for whom the insured is legally responsible. It is understood this exclusion applies even if the claims against any insured allege negligence

or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured.

r. Public Use of Property

"Personal and advertising injury" arising out of the principles of eminent domain, condemnation, inverse condemnation or adverse possession.

s. Quality or Performance of Goods – Failure to Conform To Statements

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

t. Sexual Abuse

"Personal and advertising injury" arising out of the "sexual abuse" of any person.

u. Specific Operations

"Personal and advertising injury" arising from the ownership, operation, maintenance, entrustment to others, or use of any:

- (1) Gas or electric generation facility; or
- (2) Sanitary landfill, dump, or other permanent waste disposal facility.

v. Unauthorized Use of Another's Name or Product

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

w. War

"Personal and advertising injury", however caused, arising, directly or indirectly, out of

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

x. Wrong Description of Prices

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

COVERAGE C. MEDICAL EXPENSE

1. Insuring Agreement

- a.** At your written request, we will pay medical expenses as described below for "bodily injury" caused by an accident:

- (1) On premises you own or rent;
- (2) On ways next to premises you own or rent;
- (3) On that portion of a right-of-way, easement, or similar interest in property, which you do not own or rent, upon which water, sewer, or other utility fixtures are installed as part of your operations, including any surface feature which directly results from the presence of such water, sewer or other utility fixture, but does not include any other portion of a right of-way, easement or similar interest in property; or
- (4) Because of your operations;

provided that:

- (a) The accident takes place in the "coverage territory" and during the policy period,
 - (b) The expenses are incurred and reported to us within one year of the date of the accident; and
 - (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.
- b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:
- (1) First aid administered at the time of an accident;
 - (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
 - (3) Necessary ambulance, hospital, professional nursing and funeral services.

2. Exclusions Applicable to Coverage C

We will not pay medical expenses for "bodily injury":

a. Any Insured

To any insured, except "volunteer workers" not performing an "emergency service activity" or a "law enforcement activity".

b. Athletic Activities

To a person injured while practicing, instructing or participating in any physical exercises or games, sports, or athletic contests.

c. Coverage A Exclusions

Excluded under **COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY.**

d. Hired Person

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

e. Injury on Normally Occupied Premises

To a person injured on that part of premises you own or rent that the person normally occupies.

f. Products – Completed Operations Hazard

Included within the "products-completed operations hazard".

g. Workers' Compensation and Similar Laws

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

SUPPLEMENTARY PAYMENTS – COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:
 - a. All expenses we incur.
 - b. Up to \$1,000 for the cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
 - c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.

- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$500 a day because of time off from work
- e. All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.
- f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

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

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as **SUPPLEMENTARY PAYMENTS**. Notwithstanding the provisions of Paragraph 2.c.(2) of **COVERAGE A**, such payments will not be deemed to be damages and will not reduce the limits of insurance.

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

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

SECTION II. – WHO IS AN INSURED

1. If you are designated in the Declarations as:
 - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
 - b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business. However, if you are a public entity, you are insured as a partner in a partnership or as a joint venturer in a joint venture, but only if the partnership or joint venture is between you and another governmental organization or non-profit entity. Coverage does not extend to a partnership or joint venture that operates, controls, or funds a gas or electric generation facility.
 - c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
 - d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
 - e. A public entity, you are an insured. Your operating authorities, boards, commissions, districts or any other governmental units are insureds, provided that you operate, control and fund the authority, board, commission, district or other governmental unit. Coverage does not extend to an authority, board, commission, district or other governmental unit that operates, controls, or funds a gas or electric generation facility.
 - f. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.
2. Each of the following is also an insured:
 - a. **Elected or Appointed Officials.** Your elected and appointed officials, including elected and appointed officials of your operating authorities, boards, commissions, districts, or other governmental units but only for acts within the course and scope of their duties for the insured public entity or its operating authorities, boards, commissions, districts or other governmental units.
 - b. **"Volunteer Workers" or "Employees".** Your "volunteer workers" only while performing duties related to the conduct of your operations, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your operations. However, none of these "employees" or "volunteer workers" are insureds for:
 - (1) "Bodily injury" or "personal and advertising injury":
 - (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your operations, or to your other "volunteer workers" while performing duties related to the conduct of your operations;
 - (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1)(a) above; or

- (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1)(a) or (1)(b) above.
- (2) "Property damage" to property:
 - (a) Owned, occupied or used by,
 - (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
- c. **Real Estate Managers.** Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.
- d. **Temporary Custodians.** Any person or organization having proper temporary custody of your property if you die, but only.
 - (1) With respect to liability arising out of the maintenance or use of that property; and
 - (2) Until your legal representative has been appointed
- e. **Legal Representatives.** Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Form.
- f. **Mutual Aid Agreements.** Any persons or organizations providing service to you under any mutual aid or similar agreement, but only for acts within the scope of that mutual aid or similar agreement.
- g. **Good Samaritans.** "Employees" and "volunteer workers" while acting as a Good Samaritan independently of his or her activities on your behalf, but only when he or she encounters the scene of an emergency requiring sudden action. In no event will such person who responds to the scene of an emergency with or for any other emergency service organization be an insured.
- h. **Owners of Commandeered Equipment.** The owner of commandeered equipment other than an "auto" is an insured while the equipment is in your temporary care, custody or control.
- i. **Lessors of Equipment**
 - (1) Persons or organizations from whom you lease equipment are insureds; but they are insureds only with respect to the maintenance or use by you of such equipment and only if you are contractually obligated to provide them with such insurance as is afforded by this contract.
 - (2) However, no such person or organization is an insured with respect to any:
 - (a) damages resulting from their sole negligence; or
 - (b) "occurrence" that occurs, or offense that is committed, after the equipment lease ends.
- j. **Blanket Additional Insureds.** Any person or organization required to be an additional insured under an "insured contract", if agreed to by you prior to the "bodily injury", "property damage", or "personal and advertising injury", caused in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:
 - (1) In the performance of your operations; or
 - (2) In connection with premises owned or rented by you.
- 3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
 - a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;

- b. **COVERAGE A** does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
- c. **COVERAGE B** does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

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

SECTION III. – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought, or
 - c. Persons or organizations making claims or bringing "suits".
2. The General Aggregate Limit is the most we will pay for the sum of:
 - a. Medical expenses under **COVERAGE C**;
 - b. Damages under **COVERAGE A**, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard", and
 - c. Damages under **COVERAGE B**.
3. The Products - Completed Operations Aggregate Limit is the most we will pay under **COVERAGE A** for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
4. Subject to Paragraph 2. above, the Personal and Advertising Injury Limit is the most we will pay under **COVERAGE B** for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.
5. Subject to Paragraph 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
 - a. Damages under **COVERAGES A** and
 - b. Medical expenses under **COVERAGE C**;
because of all "bodily injury" or "property damage" arising out any one "occurrence".
6. Subject to Paragraph 5. above, the Damage To Premises Rented To You Limit is the most we will pay under **COVERAGE A** for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.
7. Subject to Paragraph 5. above, the Medical Expense Limit is the most we will pay under **COVERAGE C** for all medical expenses because of "bodily injury" sustained by any one person.

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

SECTION IV. – CONDITIONS

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

1. **Bankruptcy**

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

2. Duties in the Event of an Occurrence, Offense, Claim or Suit

- a. You must see to it that we are notified as soon as practicable of an "occurrence", or an offense which may result in a claim or "suit". To the extent possible, notice should include:
 - (1) How, when and where the "occurrence" or offense took place,
 - (2) The names and addresses of any injured persons and witnesses; and
 - (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.
- b. If a claim is made or "suit" is brought against any insured, you must:
 - (1) Immediately record the specifics of the claim or "suit" and the date received, and
 - (2) Notify us as soon as practicableYou must see to it that we receive written notice of the claim or "suit" as soon as practicable.
- c. You and any other involved insured must:
 - (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
 - (2) Authorize us to obtain records and other information;
 - (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
 - (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.
- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.
- e. If you report an "occurrence" or offense, to an insurer providing other than General Liability insurance, which later develops into a General Liability claim covered under this Coverage Form, failure to report such "occurrence" or offense to us at the time of the "occurrence" or offense shall not be deemed in violation of these conditions. However, you shall give notification to us, as soon as is reasonably possible, that the "occurrence" or offense is a General Liability claim.
- f. Knowledge of an "occurrence" or offense by any of your agents, "volunteer workers" or "employees" shall not constitute knowledge by you unless one of your officers or anyone responsible for administering your insurance program has received a notification from the agent, "volunteer worker" or "employee".

3. Legal Action Against Us

No person or organization has a right under this Coverage Form:

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

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

4. Other Insurance

If other valid and collectible insurance is available to the insured, other than "volunteer workers", "employees", elected or appointed officers, directors, commissioners, trustees, or owners of commandeered equipment, for a loss we cover under **COVERAGES A or B** of this form, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when Paragraph b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in Paragraph c. below.

b. Excess Insurance

(1) This insurance is excess over:

(a) Any of the other insurance, whether primary, excess, contingent or on any other basis:

(i) That is fire, extended coverage, builder's risk, installation risk or similar coverage for "your work";

(ii) That is fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;

(iii) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner;

(iv) That is insurance covering your liability for "bodily injury" or "property damage" arising out of the igniting or discharging of fireworks, including but not limited to firecrackers, aerial or ground displays, in conjunction with any demonstration or show conducted or sponsored by you. However, this coverage shall not be excess should the "bodily injury" or "property damage" result from an emergency response you provide in response to an emergency arising out of fireworks;

(vi) If the loss arises out of the maintenance or use of aircraft or watercraft to the extent not subject to exclusion a. of **COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY**;

(vii) That is liability insurance available to an independent commission, board, or authority or to an individual serving on such independent commission, board, or authority at your request;

(viii) That is liability insurance available to participants in a mutual aid or similar agreement; or

(ix) That is liability insurance available to a partnership or joint venture.

(b) Any other primary insurance, including pools or self-insurance, covering your liability for damages arising out of the premises or operations or the products completed operations, for which you have been added as an additional insured.

(2) When this insurance is excess, we will have no duty under **COVERAGES A or B** to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

(3) When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (i) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
 - (ii) The total of all deductible and self-insured amounts under all that other insurance.
- (4) We will share the remaining loss, if any, with any other insurance that is not described in this excess insurance provision and was not bought specifically to apply in excess of the limits of insurance shown in the Declarations of this Coverage Form.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Representations

By accepting this policy, you agree:

- a. The information in the Declarations is accurate and complete;
- b. The information is based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

Your failure to disclose all hazards existing as of the inception date of the policy shall not prejudice you with respect to the coverage afforded, provided such failure or omission is not intentional. This Coverage Form is void if any material fact or circumstance relating to this insurance is intentionally omitted or misrepresented.

6. Separation of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Form to the first Named Insured, this insurance applies:

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

7. Transfer of Rights of Recovery Against Others to Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Form, 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.

8. When We Do Not Renew

If we decide not to renew this Coverage Form, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date. If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V. – DEFINITIONS

- 1. "Administration" means any of the following acts that you do or authorize a person to do:
 - a. Counseling "employees" or "volunteer workers", other than giving legal advice, on "employee benefit plans",
 - b. Interpreting your "employee benefit plans",
 - c. Handling records for your "employee benefit plans"; and

- d. Effecting enrollment, termination or cancellation of "employees" or "volunteer workers" under your "employee benefit plans".
- 2. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
 - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
 - b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.
- 3. "Auto" means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment; or any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged. However, "auto" does not include "mobile equipment".
- 4. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
- 5. "Coverage territory" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph a. above; or
 - c. All other parts of the world if the injury or damage arises out of:
 - (1) Goods or products made or sold by you in the territory described in Paragraph a. above;
 - (2) The activities of a person whose home is in the territory described in Paragraph a. above, but is away for a short time on your business; or
 - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in Paragraph a. above or in a settlement we agree to.
- 6. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
- 7. "Employee benefit plans" means a formal program or programs of employee benefits you maintain, such as group life insurance plans, group accident or health insurance plans, savings plans, or vacation plans, provided that no one other than an "employee" or "volunteer worker" or their dependents may subscribe to or benefit from such plans. This term also includes unemployment insurance, social security, workers' compensation, statutory disability benefits, or similar statutorily required plans.
- 8. "Employment practices" means an actual or alleged improper employment related practice, policy, act or omission involving an actual, prospective, or former "volunteer worker" or "employee", including:
 - a. Failing to hire or refusing to hire;
 - b. Wrongful dismissal, discharge, or termination of employment or membership, whether actual or constructive;
 - c. Wrongful deprivation of a career opportunity, or failure to promote;
 - d. Wrongful discipline of "volunteer workers" or "employees";
 - e. Negligent evaluation of "volunteer workers" or "employees";

- f. Retaliation against "volunteer workers" or "employees" for the exercise of any legally protected right or for engaging in any legally protected activity;
 - g. Failure to adopt adequate workplace or employment-related policies and procedures;
 - h. Harassment, including "sexual harassment"; or
 - i. Violation of any federal, state or local laws (whether common law or statutory) concerning employment or discrimination in employment.
- 9. "Executive Officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
- 10. "Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or by-products produced or released by "fungi".
- 11. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
- 12. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
 - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement;if such property can be restored to use by the repair, replacement, adjustment or removal of "your product" or "your work" or your fulfilling the terms of the contract or agreement.
- 13. "Insured contract" means
 - a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract",
 - b. A sidetrack agreement;
 - c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
 - d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
 - e. An elevator maintenance agreement;
 - f. That part of any other contract or agreement pertaining to your operations (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

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

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

services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

14. "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 operations. "Leased worker" does not include a "temporary worker".

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

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

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

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

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

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

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

However, "mobile equipment" does not include any land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state 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".

17. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
18. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:
 - a. False arrest, detention or imprisonment;
 - b. Malicious prosecution;
 - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
 - d. Oral or written publication in any manner of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
 - e. Oral or written publication in any manner of material that violates a person's right of privacy;
 - f. The use of another's advertising idea in your "advertisement"; or
 - g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".
19. "Personal watercraft" means a vessel you own, rent, or borrow which uses an inboard motor powering a water jet pump as its primary source of motive power, and which is designed to be operated by a person sitting, standing, or kneeling on the vessel, rather than the conventional manner of sitting or standing inside the vessel.
20. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
21. "Potable water" means water intended and provided for human consumption.
22. "Products-completed operations hazard".
 - a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except.
 - (1) Products that are still in your physical possession; or
 - (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a) When all of the work called for in your contract has been completed.
 - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.
 - b. Does not include "bodily injury" or "property damage" arising out of:
 - (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured,
 - (2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
 - (3) Products or operations for which the classification, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.

23. "Property damage" means:

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

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

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

24. "Sexual abuse" means any actual, attempted or alleged sexual conduct by a person, or by persons acting in concert, which causes injury. "Sexual abuse" includes sexual molestation, sexual assault, sexual exploitation, or sexual injury, but does not include "sexual harassment".

25. "Sexual harassment" means any actual, attempted or alleged unwelcome sexual advances, requests for sexual favors, or other conduct of a sexual nature by a person, or by persons acting in concert, which causes injury, but only when:

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

26. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage", "personal and advertising injury", "medical incident", "law enforcement wrongful act", or a "water or wastewater professional activity" to which this insurance applies are alleged. "Suit" includes:

- a.** An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
- b.** Any other civil alternative dispute resolution proceeding in which such damages is claimed and to which the insured submits with our consent.

27. "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.

28. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

29. "Water or wastewater professional activity" means an act, error or omission which arises from your activities as a water or wastewater district, water utility, or any other entity whose primary duty is the treatment and distribution of "potable water", or the collection and treatment of wastewater.

30. "Your product" means:

- a.** Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (1) You;
 - (2) Others trading under your name; or
 - (3) A person or organization whose business or assets you have acquired; and
- b.** Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

"Your product" includes.

- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product", and
- b. The providing of or failure to provide warnings or instructions.

"Your product" does not include vending machines or other property rented to or located for the use of others but not sold.

31. "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:

- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
- b. The providing of or failure to provide warnings or instructions.

TEXAS CHANGES

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

**THIS ENDORSEMENT MODIFIES THE FOLLOWING FORM:
COMMERCIAL GENERAL LIABILITY COVERAGE FORM**

- A. Exclusion w. Sexual Abuse of COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY of SECTION I. – COVERAGES** is deleted in its entirety and replaced by the following:

w. Sexual Abuse

"Bodily injury" arising out of the "sexual abuse" of any person. However, this exclusion shall not apply to the Named Insured if no elected or appointed official, "executive officer", officer, director, or trustee of the Named Insured knew or had reason to know of the "sexual abuse". Also, we will defend an insured for covered civil action subject to the other terms of this Coverage Form until either a judgment or final adjudication establishes such an act, or the insured confirms such act.

For purposes of this exclusion, "abuse" means an act which is committed with the intent to cause harm.

- B. Exclusion o. Pollution of COVERAGE B. PERSONAL AND ADVERTISING INJURY of SECTION I. – COVERAGES** is deleted in its entirety and replaced by the following:

o. Pollution

"Personal and advertising injury" arising out of or in any way related to pollution, however caused. Pollution includes the actual, alleged, or potential presence in or introduction into the environment of any substance if such substance has, or is alleged to have, the effect of making the environment impure, harmful or dangerous. Environment includes any air, land, structure (or the air therein), watercourse or other body of water, including underground water.

This exclusion may not be used to deny coverage for a claim in the absence of a pollution incident.

- C. Exclusion t. Sexual Abuse of COVERAGE B. PERSONAL AND ADVERTISING INJURY of SECTION I. – COVERAGES** is deleted in its entirety and replaced by the following:

t. Sexual Abuse

"Personal and advertising injury" arising out of the "sexual abuse" of any person. For purposes of this exclusion, "abuse" means an act which is committed with the intent to cause harm.

D. The following is added to Condition 2. Duties in the Event of an Occurrence, Offense, Claim or Suit of SECTION IV. – CONDITIONS:

We will notify the first Named Insured in writing of:

- a. An initial offer to compromise or settle a claim made or "suit" brought against any insured under this coverage. The notice will be given not later than the tenth (10th) day after the date on which the offer is made.
- b. Any settlement of a claim made or "suit" brought against the insured under this coverage. The notice will be given not later than the thirtieth (30th) day after the date of the settlement.

E. The following Condition is added to SECTION IV. – CONDITIONS:

Conditions Requiring Notice

With regard to liability for Bodily Injury, Property Damage and Personal And Advertising Injury, unless we are prejudiced by the insured's or your failure to comply with the requirement, no provision of this Coverage Part requiring you or any insured to give notice of "occurrence", claim or "suit", or forward demands, notices, summonses or legal papers in connection with a claim or "suit" will bar coverage under this Coverage Part.

F. Definition 24. Sexual Abuse of SECTION V. – DEFINITIONS is deleted in its entirety and replaced by the following:

- 24.** "Sexual abuse" means any actual, attempted or alleged sexual conduct by a person, or by persons acting in concert, which causes injury. "Sexual abuse" includes sexual molestation, sexual assault, sexual exploitation, or sexual injury, but does not include "sexual harassment".

For purposes of this exclusion, "abuse" means an act which is committed with the intent to cause harm.

ADDITIONAL INSURED – AUTOMATIC
THIS ENDORSEMENT CHANGES THE COVERAGE FORM.
PLEASE READ IT CAREFULLY.

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:
COMMERCIAL GENERAL LIABILITY COVERAGE FORM

SECTION II. – WHO IS AN INSURED is amended to include as an insured any person or organization but only with respect to the following:

- A.** Liability for “bodily injury”, “property damage”, or “personal and advertising injury” caused , in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:
 - 1. in the performance of your ongoing operations; or
 - 2. in connection with premises owned by or rented to you;
- B.** Liability arising out of the ownership, maintenance or use of premises leased to you and subject to the following additional exclusions:
 - 1. any “occurrence” which takes place after you cease to be a tenant at that premises.
 - 2. structural alterations, new construction or demolition operations performed by or on behalf of the person or organization you have leased from.

**FELLOW EMPLOYEE
THIS ENDORSEMENT CHANGES THE COVERAGE FORM.
PLEASE READ IT CAREFULLY.**

**THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:
COMMERCIAL GENERAL LIABILITY COVERAGE FORM**

Paragraph 2.b.(1) of **SECTION II. – WHO IS AN INSURED** is replaced by the following:

- (1) "Bodily injury" or "personal and advertising injury":
 - (a) To you, to your partners or members (if you are a partnership or joint venture), or to your members (if you are a limited liability company);
 - (b) To the brother, child, parent, sister or spouse of such injured person as a consequence of any "injury" described in subparagraph (1)(a) above;
 - (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1)(a) or (1)(b) above.
 - (d) Arising out of his or her providing or failing to provide professional health care services.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

**AMENDMENT – AGGREGATE LIMITS OF INSURANCE
(PER LOCATION)**

THIS ENDORSEMENT CHANGES THE COVERAGE FORM.

PLEASE READ IT CAREFULLY.

**THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:
COMMERCIAL GENERAL LIABILITY COVERAGE FORM**

The General Aggregate Limit under **SECTION III. – LIMITS OF INSURANCE** applies separately to each of your "locations" owned by or rented to you.

For the purpose of this endorsement only, "location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

THIS ENDORSEMENT CHANGES THE POLICY.

PLEASE READ IT CAREFULLY.

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

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

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

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

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Coverage Part.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

TEXAS DISCLOSURE FORM

Allied World Specialty Insurance Company acknowledges that the terms, conditions, and coverages provided in this policy have been negotiated in good faith with you, the insured. You have agreed to accept such terms, conditions, and coverages.

The following additional exclusions and/or limitations, which may have not been in your previous policy, are included in this policy:

Type of Coverage Limited or Excluded:

Other insurance companies may or may not have these exclusions and/or limitations in their current policy.

Signature of Insurer or Authorized Representative

Title

Date

EXCLUSION – ACCESS TO OR DISCLOSURE OF CONFIDENTIAL OR PERSONAL INFORMATION, DATA-RELATED LIABILITY AND INTERNET

THIS ENDORSEMENT CHANGES THE POLICY.

PLEASE READ IT CAREFULLY.

It is hereby agreed that the insurance afforded under this policy does not apply to bodily injury, property damage, or personal and advertising injury, or any other liability, loss, injury, damage, cost or expense arising out of:

1. any actual, alleged or potential access to, disclosure of, failure to keep secure or unauthorized use of, any person's or organization's confidential business or personal information, including but not limited to patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information;
2. the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data;
3. the functioning or non-functioning or availability or unavailability of: the internet or similar facility; any intranet or private network or similar facility; or any website, search engine, portal or similar third party application service; or
4. any act, error or omission in violation of any law or regulation of the United States or any other country associated with the confidentiality, security, protection, control and use of confidential business or personal information.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by the insured or others arising out of that which is described in subparagraphs 1., 2., 3. or 4. above.

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

To the extent any provision of this endorsement conflicts with any provision of this policy or any of its other endorsements, the provisions of this endorsement will supersede.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.



Allied World Specialty Insurance Company
 1690 New Britain Ave, Suite 101
 Farmington, CT 06032
 (860) 284-1300

**PUBLIC OFFICIALS AND MANAGEMENT LIABILITY
 WITH EMPLOYMENT PRACTICES AND EMPLOYEE BENEFITS
 COVERAGE FORM (CLAIMS-MADE)
 SUPPLEMENTAL DECLARATIONS**

NAMED INSURED: Windermere Oaks Water Supply Corporation	POLICY NUMBER: 5105-0560-06
	EFFECTIVE DATE: 3/17/2019

THIS IS A CLAIMS MADE AND REPORTED COVERAGE FORM. CLAIMS MUST BE FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD AND REPORTED TO US NO LATER THAN 60 DAYS AFTER THE END OF THE POLICY PERIOD. WRONGFUL ACTS OR OFFENSES MUST OCCUR ON OR AFTER THE RETROACTIVE DATE. DEFENSE EXPENSES PAID UNDER COVERAGE A, ARE PAID IN ADDITION TO THE LIMITS OF LIABILITY. DEFENSE EXPENSES PAID UNDER COVERAGE B, WILL REDUCE AND MAY EXHAUST THE LIMITS OF LIABILITY AVAILABLE TO PAY LOSS. DEFENSE EXPENSES ARE APPLIED AGAINST THE DEDUCTIBLE.

LIMITS OF INSURANCE

Coverage A.		
Wrongful Acts	\$	1,000,000 Each Claim
Employment Practices	\$	N/A Each Claim
Employee Benefit Plans	\$	N/A Each Claim
Coverage A. Deductible	\$	1,000 Each Claim
Coverage B.		
Injunctive Relief	\$	5,000 Each Action for Injunctive Relief
	\$	5,000 Aggregate for Coverage B
All Coverages Aggregate Limit		
	\$	3,000,000 In the Aggregate for all Claims, all Wrongful Acts and Offenses, and all Actions for Injunctive Relief, under Coverage A and Coverage B

Retroactive Date	3/17/2000
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ENDORSEMENTS ATTACHED TO THIS POLICY:


WA-PO 00004 00 (07/15)
 WA-PO 00006 00 (03/12)
 WA-PO 00014 00 (03/12)
 WA-PO 00028 00 (08/16)
 WA-PO 00030 00 (08/16)

THESE DECLARATIONS, TOGETHER WITH THE COMMON POLICY CONDITIONS AND COVERAGE FORM(S) AND ANY ENDORSEMENT(S), COMPLETE THE ABOVE NUMBERED POLICY.


In Witness Whereof, the Insurer has caused this policy to be executed and attested, but this policy shall not be valid unless countersigned by a duly authorized representative of the Insurer.



President



Secretary



AUTHORIZED REPRESENTATIVE

PUBLIC OFFICIALS AND MANAGEMENT LIABILITY WITH EMPLOYMENT PRACTICES AND EMPLOYEE BENEFITS COVERAGE FORM (CLAIMS-MADE)

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

Throughout this Coverage Form the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this Coverage Form. The words "we," "us" and "our" refer to the company providing this insurance. The word "insured" means any person or organization qualifying as such under **SECTION III. – WHO IS AN INSURED**.

Other words and phrases that appear in quotation marks have special meaning. Refer to **SECTION VIII. – DEFINITIONS**.

SECTION I. – COVERAGES

A. COVERAGE A. INSURING AGREEMENT – LIABILITY FOR MONETARY DAMAGES

1. We will pay those sums that the insured becomes legally obligated to pay as "damages" arising out of a "claim" for:
 - a. a "wrongful act," or
 - b. an "employment practices" offense, or
 - c. an offense in the "administration" of your "employee benefit plans,"to which this insurance applies.

We will have the right and duty to defend any "claim" seeking those "damages." However, we will have no duty to defend the insured against any "claim" seeking "damages" for a "wrongful act" or an "employment practices" offense or an offense in the "administration" of your "employee benefit plans" to which this insurance does not apply. We may, at our discretion, investigate any "wrongful act," "employment practices" offense or an offense in the "administration" of your "employee benefit plans," and settle any "claim" that may result.

However:

The amount we will pay for "damages" is limited as described in **SECTION IV. – LIMITS OF INSURANCE**; and

Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of "damages" or "defense expenses" under **Coverages A. and B.**

No other obligation or liability to pay sums or perform acts or services is covered under this insurance unless explicitly provided for below under **Coverage A. Supplementary Payments**.

2. This insurance applies to "claims" for "wrongful acts" or offenses only if:
 - a. The "wrongful act" or offense takes place in the "coverage territory," and or after the retroactive date shown in the declarations and before the end of the policy period; and
 - b. A "claim" is first made against any insured in accordance with paragraph 3.c. below, during the policy period or any Extended Reporting Period we provide according to **SECTION VII. – EXTENDED REPORTING PERIODS**.
3. A "claim" will be deemed to have been made at the earliest of the following times:
 - a. When notice of such "claim" is first received by any insured or by us, whichever comes first; or

- b. When you become aware of a "wrongful act" or an offense which may subsequently give rise to a "claim" being made against any insured, and you give written notice to us, as described in **SECTION VI. – CONDITIONS**, of such circumstances as soon as practicable but no later than:
 - (1) The end of the policy period; or
 - (2) The end of any applicable Extended Reporting Period.
- 4. All related "claims" based on or arising out of: the same, related or continuous "wrongful acts" or offenses; or "wrongful acts" or offenses which arise from a common nucleus of facts; or the same act or interrelated acts of one or more insureds, shall be considered a single claim, which is first made when the earliest of such "claims" was made. All "damages" from all related "claims," regardless of the number of:
 - a. Insureds;
 - b. Plaintiffs; or
 - c. "Claims" made;shall be subject to one "Each Claim" Limit of Insurance, and one Deductible.

B. COVERAGE A. SUPPLEMENTARY PAYMENTS

We will pay, with respect to any "claim" we investigate, settle, or defend:

- 1. All expenses we incur.
- 2. The cost of bonds to release attachments, but only for bond amounts within the applicable Limit of Insurance. We do not have to furnish these bonds
- 3. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the "claim," including actual loss of earnings up to \$500 a day because of time off from work.
- 4. All court costs taxed against the insured in the "claim." However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.
- 5. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- 6. All interest earned on that part of any judgment within our limit of insurance after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable Limit of Insurance.

These payments will not reduce the limits of insurance.

C. COVERAGE B. INSURING AGREEMENT - DEFENSE EXPENSES FOR INJUNCTIVE RELIEF

- 1. We will pay those reasonable sums the insured incurs as "defense expenses" to defend against an action for "injunctive relief" because of a "wrongful act," an "employment practices" offense, or an offense in the "administration" of your "employee benefit plans" to which this insurance applies.

However:

- a. The amount we will pay for "defense expenses" is limited as described in **SECTION IV. – LIMITS OF INSURANCE**; and
 - b. We have no obligation to arrange for or provide the defense for any action for "injunctive relief."

No other obligation or liability to pay sums or perform acts or services is covered.

2. This insurance applies only if:
 - a. The action seeking "injunctive relief" is brought in a legally authorized court or agency of the United States, any of its states or commonwealths, or any governmental subdivision of any of them;
 - b. Such action is filed during the policy period; and
 - c. The insured:
 - (1) First notifies us as soon as practicable after retaining counsel to respond to such action but in no case later than 60 days after the end of the policy period; and
 - (2) Is reasonably expedient in requesting us to reimburse any "defense expenses" incurred.
3. All related actions for "injunctive relief" based on or arising out of: the same, related or continuous "wrongful acts" or offenses; or "wrongful acts" or offenses which arise from a common nucleus of facts; or the same act or interrelated acts of one or more insureds, shall be considered a single action, which is first made when the earliest of such actions for "injunctive relief" was made.

All "defense expenses" from all related actions for "injunctive relief" regardless of the number of:

 - a. Insureds;
 - b. Plaintiffs;
 - c. Demands asserted or actions brought; or
 - d. Injunctions, temporary restraining orders or prohibitive writs;

shall be subject to one "Each Action for Injunctive Relief" Limit of Insurance.

SECTION II. – EXCLUSIONS

This insurance does not apply under either **Coverage A** or **Coverage B** to:

1. Other Applicable Coverage

Any "wrongful act" or offense which is insured by any other policy or policies except:

- a. A policy purchased to apply in excess of this Coverage Form; or
- b. That portion of monetary "damages" otherwise covered by this Coverage Form which exceeds the limits of liability of such other policy or policies, subject to the Other Insurance Condition in **SECTION VI. – CONDITIONS**.

2. Known Prior Acts

"Damages," "defense expenses," costs or loss based upon, attributed to, arising out of, in consequence of, or in any way related to any "wrongful act" or offense which takes place prior to the inception date of this Coverage Form, if the insured knew or reasonably should have foreseen that such offense or "wrongful act" would give rise to a "claim."

3. Prior Litigation

"Damages," "defense expenses," costs or loss based upon, attributed to, arising out of, in consequence of, or in any way related to litigation or administrative or regulatory proceedings otherwise covered by this Coverage Form if such litigation or administrative or regulatory proceedings were initiated prior to or were pending on the inception date of this Coverage Form.

4. Asbestos

Any injury, "damages," "defense expenses," costs, loss, liability or legal obligation arising out of or in any way related to asbestos or asbestos-containing materials, or exposure thereto, or for the costs of abatement, mitigation, removal, elimination or disposal of any of them.

5. Attorney's Fees and Court Costs

Any award of court costs or attorney's fees which arises out of an action for "injunctive relief."

6. Bodily Injury, Property Damage or Personal and Advertising Injury

"Damages," "defense expenses," costs or loss, based upon, attributed to, arising out of, in consequence of, or in any way related to "bodily injury", "property damage," or "personal and advertising injury," other than mental anguish or mental injury resulting from a covered "employment practices" offense.

7. Bonds

Any obligation related to a fidelity bond or a surety bond

8. Claims Against Other Insured

Any actions for "injunctive relief" or "claims" brought:

- a. By a Named Insured against any other insured; or
- b. By one Named Insured against another Named Insured.

9. Compliance with ADA Requirements

"Damages," "defense expenses," costs or loss incurred as a result of physical modifications made to accommodate persons with disabilities as required by:

- a. The Americans with Disabilities Act of 1990; or
- b. Any federal, state, or local disability discrimination or accommodation laws or regulations; including subsequent amendments or any regulations promulgated thereunder.

10. Sums Due Under Contract

Any amount actually or allegedly due under the terms of any contract for the purchase of goods or services or any payment or performance contract.

11. Contractual Liability

"Damages," "defense expenses," costs or loss based upon, attributed to, arising out of, in consequence of, or in any way related to any contract or agreement to which the insured is a party or a third-party beneficiary, including, but not limited to, any representations made in anticipation of a contract or any interference with the performance of a contract.

12. Criminal Acts

"Damages," "defense expenses," costs or loss arising out of or contributed to by any fraudulent, dishonest, criminal or malicious act of the insured (except for "sexual abuse" which is excluded in the Sexual Abuse exclusion below), or the willful violation of any statute, ordinance or regulation committed by or with the knowledge of the insured. However, we will defend the insured for covered civil action subject to the other terms of this Coverage Form until either a judgment or final adjudication establishes such an act, or the insured confirms such act.

13. Debt Financing

"Damages," "defense expenses," costs or loss arising out of or contributed to by any debt financing, including but not limited to bonds, notes, debentures and guarantees of debt.

14. Employment Contracts

Any amount actually or allegedly due under the terms of any contract to commence or to continue employment, or as severance pay under any contract relating to the termination of employment.

15. ERISA, COBRA and WARN Act Liability

"Damages," "defense expenses," costs or loss arising out of or contributed to by any insured's obligations under:

- a. The Employee Retirement Income Security Act of 1974 (ERISA),
- b. The Comprehensive Omnibus Budget Reconciliation Act (COBRA);
- c. The Worker Adjustment and Retraining Notification Act (WARN); or
- d. Any similar federal, state, or local laws or regulations;

including subsequent amendments or any regulations promulgated thereunder.

16. Failure to Maintain Insurance

"Damages," "defense expenses," costs or loss arising out of or contributed to by the failure to effect or maintain:

- a. Insurance of any kind, including adequate limits of insurance; or
- b. Suretyship or bonds.

This exclusion does not apply to the extent coverage is provided under this Coverage Form for the "administration" of "employee benefit plans."

17. Fines

Fines, penalties and taxes, including but not limited to those imposed by the Internal Revenue Service code or any similar state or local code.

18. Fungi or Bacteria

- a. Any liability, loss, injury or damage which would not have occurred or taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.
- b. Any "damages," "defense expenses, costs or loss arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

19. Violation of Law

"Damages," "defense expenses," costs, or loss arising from an insured's willful violation of any federal, state, or local law, rule, or regulation.

20. Law Enforcement

"Damages," "defense expenses," costs or loss arising out of any "law enforcement activity." This exclusion does not apply to an "employment practices" offense or an offense in the administration of "employee benefit plans" involving your law enforcement agency.

21. Lead, Electromagnetic Radiation, Nuclear

- a. Any injury, "damages," "defense expenses," costs, loss, liability or legal obligation arising out of or in any way related to:

- (1) The toxic properties of lead, or any material or substance containing lead; or
- (2) Electromagnetic radiation;

or exposure thereto, or for the costs of abatement, mitigation, removal, elimination or disposal of any of them.

- b. Any "damages," "defense expenses," costs or loss arising out of any actual, alleged or threatened injury or damage to any person or property from any radioactive matter or nuclear material.

22. Performance of Employee Benefit Plans

"Damages," "defense expenses," costs or loss arising from an "employment practices" offense or any offense in the "administration" of "employee benefit plans" arising out of:

- a. The failure of any investment program, individual securities or savings program to perform as held forth by or represented by an insured;
- b. Advice given by an insured in connection with participation or non-participation in any stock subscription plans, savings programs or any other "employee benefit plan";
- c. Errors in providing information or failing to provide information on past performance of investment vehicles;
- d. Failure of the insured or any insurer, fiduciary, trustee or fiscal agent to perform any of their duties or obligations or to fulfill any of their guarantees with respect to the payment of benefits under "employee benefit plans" or the providing, handling or investment of funds;
- e. The liability of others which is assumed by the insured under a contract or agreement, except to the extent the insured would have been liable in the absence of the contract or agreement;
- f. Any "claim" for the return of compensation paid by the insured if a court determines that the payment was illegal; or
- g. Any "claim" for benefits that are lawfully paid or payable to a beneficiary from the funds of an "employee benefit plan."

23. Pollution

- a. Any injury, "damages," "defense expenses," costs, loss, liability or legal obligation arising out of or in any way related to pollution, however caused. Pollution includes the actual, alleged, or potential presence in or introduction into the environment of any substance if such substance has, or is alleged to have, the effect of making the environment impure, harmful or dangerous. Environment includes any air, land, structure (or the air therein), watercourse or other body of water, including underground water.
- b. This insurance does not apply to any "damages," "defense expenses," costs or loss arising out of any:
 - (1) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
 - (2) "Claim" 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."

24. Preparation of Bid Specifications

"Damages," "defense expenses," costs or loss arising out of estimates of probable costs or cost estimates being exceeded or faulty preparation of bid specifications or plans including architectural plans.

25. Professional Healthcare

"Damages," "defense expenses," costs or loss arising out of providing or failing to provide "professional healthcare services."

26. Professional Liability

"Damages," "defense expenses," costs or loss arising out of the rendering of, or failure to render of professional services by a lawyer, engineer, architect, or surveyor, or medical professional; except that this exclusion will not apply to "claims" made against insureds while acting solely as public officials or "employees" on behalf of the Named Insured and in the conduct of its business, and not in their professional capacities as a lawyer, engineer, architect, surveyor, or medical professional.

27. Profit, Advantage or Remuneration

Any "damages," "defense expenses," costs or loss based upon or attributable to the insured gaining any profit, advantage or remuneration to which the insured is not legally entitled.

28. Public Use of Property

"Damages," "defense expenses," costs or loss arising from any method or proceeding used to take control of private property for public use including condemnation, adverse possession, and dedication by adverse use or inverse condemnation.

29. Publications and Pronouncements

"Damages," "defense expenses," costs or loss or expense based upon, attributable to, or arising out of "wrongful acts" resulting from:

- a. Publications or pronouncements, including material placed on the Internet or on similar electronic means of communication, concerning any organization or business enterprise or their products or services made by or at the direction of the insured with the knowledge of its falsity; or
- b. Printing of periodicals, advertising matter, or any or all jobs taken by any insured to be printed for a third party when the periodicals, advertising matter or other printing is not within the scope of the organization's own activities.

30. Sexual Abuse

"Damages," "defense expenses," costs or loss, based upon, attributed to, arising out of, in consequence of, or in any way related to:

- a. "Sexual abuse" of any person; or
- b. The negligent:
 - (1) Employment;
 - (2) Investigation;
 - (3) Supervision;
 - (4) Reporting to the proper authorities, or failing to so report; or
 - (5) Retention;

of a person for whom any insured is or ever was legally responsible and whose conduct would be excluded by paragraph (a) above.

31. Specific Operations

"Damages," "defense expenses," costs or loss, arising out of or contributed to by the ownership, operation, maintenance, entrustment to others, or use of any:

- a. Gas or electric generation facility; or
- b. Sanitary landfill, dump, or other permanent waste disposal facility.

32. Strikes, Riot, Civil Commotion or Mob Action

"Damages," "defense expenses," costs or loss arising out of or contributed to by any lockout, strike, picket line, replacement or other similar actions resulting from labor disputes or labor negotiations or any act or omission in connection with the prevention or suppression of a riot, civil commotion or mob action.

33. Tax Assessments

"Damages," "defense expenses," costs or loss arising out of or contributed to by any tax assessments or adjustments, or the collection, refund, disbursement or application of any taxes. This exclusion does not apply to the use or prioritization of your operating funds.

34. Wage and Hour Laws

- 35.** "Damages," "defense expenses," costs or loss arising out of or contributed to by any actual or alleged violation of the Fair Labor Standards Act of 1938, as amended, or any other federal, state or local law related to wage and hour policies, improper payroll practices or the payment of overtime or vacation pay, including but not limited to back wages or other similar damages, or any monetary or non-monetary compensation or benefits that may be owed to a past or present "employee" based upon misclassification of their job status, title or duties.

This Exclusion shall not apply to that portion of any "claim" for alleged retaliation by an insured.

36. Water or Wastewater Professional Activity

"Damages," "defense expenses," costs or loss, arising out of an act, error or omission in the performance of or failure to perform your "water or wastewater professional activities," that also results in "bodily injury" or "property damage".

37. Workers' Compensation and Similar Laws

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

38. Private and Confidential Information

"Damages," "defense expenses," costs or loss arising out of or contributed to by any misuse or improper release of confidential, private or proprietary information.

SECTION III. – WHO IS AN INSURED

1. If you are designated in the Declarations as:
 - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
 - b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business. However, if you are a public entity, you are insured as a partner in a partnership or as a joint venturer in a joint venture, but only if the partnership or joint venture is between you and another governmental organization or non-profit entity. Coverage does not extend to a partnership or

joint venture that operates, controls, or funds a school, hospital or medical clinic, nursing home, airport, port, public housing, gas or electric generation facility.

- c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
- d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
- e. A public entity, you are an insured. Your operating authorities, boards, commissions, districts or any other governmental units are insureds, provided that you operate, control, and fund the authority, board, commission, district, or other governmental unit. Coverage does not extend to an authority, board, commission, district, or other governmental unit that operates, controls, or funds a school, hospital or medical clinic, nursing home, airport, port, public housing, gas or electric generation facility.
- f. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

2. Each of the following is also an insured:

- a. **Elected or appointed officials.** Your elected and appointed officials, including elected and appointed officials of your operating authorities, boards, commissions, districts, or other governmental units but only for acts within the course and scope of their duties for the insured public entity or its operating authorities, boards, commissions, districts or other governmental units.
- b. **Volunteer workers or employees.** Your "volunteer workers" only while performing duties related to the conduct of your operations, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your operations.

However, none of these "employees" or "volunteer workers" are insureds for:

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

- (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your operations, or to your other "volunteer workers" while performing duties related to the conduct of your operations;
- (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1)(a) above; or
- (c) For which there is any obligation to share "damages" with or repay someone else who must pay "damages" because of the injury described in Paragraphs (1)(a) or (1)(b) above.

(2) "Property damage" to property:

- (a) Owned, occupied or used by,
- (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by, you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

- c. Mutual Aid Agreements.** Any persons or organizations providing service to you under any mutual aid or similar agreement.
- 3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization.

However:

- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier; and
 - b. Coverage does not apply to a "wrongful act", "employment practices" offense or offense in the "administration" of "employee benefit plans" that took place before you acquired or formed the organization or of which you had notice or knowledge before you acquired the organization.

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

- 4. Your director, officer, "employee", "volunteer worker" or appointee while serving on the board of directors of an organization that is a separate and distinct entity not subject to your direction and control, provided that the primary purpose of such organization is to support and further the efforts and welfare of individuals or organizations that provide water, sewer, or wastewater treatment services.

SECTION IV. – LIMITS OF INSURANCE

- 1. The Limits of Insurance shown in the Declarations and the rules below establish the most we will pay regardless of the number of.
 - a. Insureds;
 - b. "Claims" made; or
 - c. Persons or organizations making "claims."
- 2. The Aggregate Limit of Insurance set forth in the Declarations for **Coverage A** applies to "damages" from all "claims" for all "wrongful acts," "employment practices" offenses and offenses in the "administration" of your "employee benefit plans," and all "defense expenses" arising out of all actions for "injunctive relief" under **Coverage B**;
- 3. Subject to the Aggregate Limit of Insurance, the "Each Claim" Limit of Insurance is the most we will pay under **Coverage A** for the sum of all "damages" arising out of a single "claim."
- 4. Subject to the Aggregate Limit of Insurance, the "Each Action for Injunctive Relief" Limit of Insurance is the most we will pay under **Coverage B** for all "defense expenses" arising out of a single action for "injunctive relief."
- 5. The Aggregate Limit of Insurance applies separately to each Policy Period, starting with the effective date of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last policy period for purposes of determining the Limits of Insurance.
- 6. Our obligations to pay "damages" or "defense expenses" or to defend or continue to defend any "claim" under this Coverage Form ends when the Aggregate Limit of Insurance is exhausted by the payment of "damages" or "defense expenses." If we pay amounts for "damages" or "defense expense" in excess of that Limit of Insurance, you agree to promptly reimburse us for such amounts upon our demand.
- 7. If the Aggregate Limit of Insurance as set forth in the Declarations is exhausted by the payment of "damages" or "defense expenses" the entire premium for this Coverage Form will be deemed fully earned.

SECTION V. – YOUR DEDUCTIBLE

Our obligation to pay “damages” or “defense expenses” on your behalf will only be in excess of the Deductible amount set forth in the Declarations for **Coverage A**.

1. The Limits of Insurance set forth in the Declarations will not be reduced by the application of the Deductible.
2. The Deductible applies to “damages” and “defense expenses from each “claim” regardless of the number of insureds, the number of persons or organizations making the “claim,” or the number of “claims” made.
3. The terms of this insurance, including those with respect to:
 - a. Our right and duty to defend any “claims” seeking “damages””; and
 - b. Your duties in the event of a “wrongful act,” offense or “claim,”apply irrespective of the application of the Deductible.
4. We may pay all or any part of the Deductible to effect settlement of any “claim” and, upon notification of the action taken, you shall promptly reimburse us for such part of the Deductible paid by us.

SECTION VI. – CONDITIONS

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

1. Bankruptcy

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

2. Duties in the Event of a “Claim”

- a. If a “claim” is first made against any insured during the policy period, you must:
 - (1) Immediately record the specifics of the “claim” and the date received; and
 - (2) Notify us as soon as practicable.
- b. To the extent possible, notice should include the following information:
 - (1) How, when and where the “wrongful act” or offense took place; and
 - (2) The names and addresses of any persons seeking “damages” or of any witnesses.
- c. You and any other insured named or identified must:
 - (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the “claim”;
 - (2) Authorize us to obtain records and other information;
 - (3) Cooperate with us in the investigation, settlement or defense of the “claim”; and
 - (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of “damages” to which this insurance may also apply.
- d. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense without our written consent.
- e. Notice shall be deemed given as soon as practicable, if it is given by any person to whom you have delegated such responsibility as soon as practicable after they become aware of the “claim.”

3. Notice of Circumstances

If, during the policy period, the insured first becomes aware of a "wrongful act" or offense which may subsequently give rise to a "claim" and, as soon as practicable thereafter but before the expiration or cancellation of this Policy:

- a. gives the insurer written notice of such "wrongful act" or offense, including a description of the "wrongful act" or offense in question, the identities of the potential claimants, the consequences which have resulted or may result from such "wrongful act" or offense, the "damages" which may result from such "wrongful act" or offense and the circumstances by which the insured first became aware of such "wrongful act" or offense; and
- b. requests coverage under this Policy for any subsequently resulting "claim" arising from such "wrongful act" or offense;

then the insurer will treat any such subsequently resulting "claim" as if it had been first made during the policy period.

4. Duties in the Event of a Request to Pay "Defense Expense" for "Injunctive Relief"

- a. You must see to it that we are notified as soon as practicable of an action for "injunctive relief" which may give rise to a request for us to provide coverage for "defense expenses."

To the extent possible, notice should include the following information:

- (1) The plaintiff in the action;
 - (2) The court or agency involved;
 - (3) The relief being sought; and
 - (4) The date of the action and any underlying demand.
- b. You and any other insureds named or identified in such action must:
 - (1) Immediately send us copies of any legal papers received in connection with the action and any underlying demand;
 - (2) Cooperate with us in the determination of any "defense expenses" which may be covered by this insurance; and
 - (3) Promptly submit a written request for us to reimburse any covered "defense expenses."

5. Legal Action Against Us

No person or organization has a right under this Coverage Form:

- a. To join us as a party or otherwise bring us into a "claim" seeking "damages" or "defense expenses" from an insured; or
- b. To sue us on this Coverage Form unless all of the terms and conditions of this policy have been fully complied with.

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

6. Other Insurance

If other valid and collectible insurance is available to the insured for a loss or "defense expense" we cover under this Coverage Form, this insurance is excess over any of the other insurance and its deductible or self-insured retention provisions, whether primary, excess, contingent or on any other basis.

7. Representations

By accepting this policy, you agree:

- a. The information in the application for this insurance is accurate and complete;
- b. That the Coverage Form has been issued to you based upon the information provided by you and the representations you made to us in the application for this insurance. The application forms the basis of our obligations under this Coverage Form; and
- c. This Coverage Form is void if any material fact or circumstance relating to this insurance is intentionally omitted or misrepresented in the application for this insurance.

8. Separation of Insureds

Except with respect to the Limits of Insurance as described in **SECTION IV**, and any rights or duties specifically assigned to the first Named Insured, this insurance applies:

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

9. Transfer of Rights of Recovery Against Others to Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Form, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "claim" or transfer those rights to us and help us enforce them.

10. When We Do Not Renew

If we decide not to renew this Coverage Form, we will mail or deliver to the first Named Insured shown in the Declarations written notice of such non-renewal not less than 30 days before the expiration date. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

11. Your Right to Claim Information

Upon request, we will provide the first Named Insured shown in the Declarations the following information relating to this and any preceding Coverage Form we have issued to you during the previous three years:

- a. A list or other record of each "wrongful act" or other offense not previously reported to any other insurer, of which we were notified in accordance with paragraph 2.a. or paragraph 3.a. of this section. We will include the date and a brief description of such "wrongful act" or offense if that information was in the notice we received.
- b. A summary, by policy year, of payments made and amounts reserved.

Amounts reserved are based on our judgment. They are subject to change and should not be regarded as ultimate settlement values. You must not disclose this information to any claimant or any claimant's representative without our consent.

We compile claim and related information for our own business purposes and exercise reasonable care in doing so. In providing this information to the first Named Insured, we make no representations or warranties to insureds, insurers, or others to whom this information is furnished by or on behalf of any insured. Cancellation or non-renewal will be effective even if we inadvertently provide inaccurate information.

SECTION VII. – EXTENDED REPORTING PERIOD (APPLIES TO COVERAGE A ONLY)

With respect to **Coverage A** only:

1. We will provide an Extended Reporting Period, as described below, if:
 - a. This Coverage Form is cancelled or not renewed, for reasons other than nonpayment of premium; or
 - b. We renew or replace this Coverage Form with insurance that does not apply to “wrongful acts” or offenses on a claims-made basis.
2. An Extended Reporting Period does not extend the policy period or change the scope of coverage provided. It applies only to “claims” arising out of “wrongful acts” or offenses that take place on or after the retroactive date shown in the declarations and before the end of the policy period or any earlier date of cancellation. Once in effect, an Extended Reporting Period may not be cancelled.
3. A Basic Extended Reporting Period is automatically provided without additional charge. This period starts with the end of the policy period, or any earlier date of cancellation, and lasts for sixty days.

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

4. A Supplemental Extended Reporting Period of five years is available, but only by an endorsement and for an extra charge. This supplemental period starts when the Basic Extended Reporting Period ends.

You must give us a written request for the endorsement within 60 days after the end of the policy period, or any earlier date of cancellation. The Supplemental Extended Reporting Period will not go into effect unless you pay the additional premium promptly when due.

We will determine the additional premium in accordance with our rules and rates. In doing so, we will take into account the following:

- a. The exposures insured;
- b. Previous types and amounts of insurance;
- c. Limit of Insurance available under this Coverage Form; and
- d. Other related factors.

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

This endorsement shall set forth the terms, not inconsistent with this section, applicable to the Supplemental Extended Reporting Period, including a provision to the effect that the insurance afforded for “claims” received during such period is excess over any other valid and collectible insurance available under policies in force after the Supplemental Extended Reporting Period starts.

5. No Extended Reporting Period shall reinstate or increase the Limits of Insurance.

SECTION VIII. – DEFINITIONS

1. “Administration” means any of the following acts that you do or authorize a person to do:
 - a. Counseling “employees” or “volunteer workers”, other than giving legal advice, on “employee benefit plans”;
 - b. Interpreting your “employee benefit plans”;

- c. Handling records for your "employee benefit plans"; and
 - d. Effecting enrollment, termination or cancellation of "employees" or "volunteer workers" under your "employee benefit plans".
2. "Bodily injury" means bodily injury, mental anguish or mental injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
3. "Claim" means:
- a. written notice, from any party, that it is their intention to hold the insured responsible for "damages" arising out of a "wrongful act" or offense by the insured;
 - b. a civil proceeding in which "damages" arising out of an offense or "wrongful act" to which this insurance applies are alleged;
 - c. an arbitration proceeding in which "damages" arising out of an offense or "wrongful act" to which this insurance applies are claimed and to which the insured must submit or does submit with our consent;
 - d. any other civil alternative dispute resolution proceeding in which "damages" arising out of an offense or "wrongful act" to which this insurance applies are claimed and to which the insured submits with our consent; or
 - e. a formal proceeding or investigation with the Equal Employment Opportunity Commission, or with an equivalent state or local agency.

A "claim" does not mean any ethical conduct review or enforcement action, or disciplinary review or enforcement action.

4. "Coverage territory" means the United States of America (including its territories and possessions), Puerto Rico and Canada.
5. "Damages" means monetary damages.
6. "Defense expenses" means reasonable and necessary fees or expenses incurred by or on behalf of the insured for:
- a. Legal fees charged by the insured's attorney;
 - b. Court costs;
 - c. Expert witnesses; and
 - d. The cost of court bonds, but we do not have to furnish these bonds.

"Defense expenses" do not include:

- (1) Any salaries, charges or fees for any insured, insured's "volunteer workers" or "employees," or former "volunteer workers" or "employees"; or
 - (2) Any expenses other than a., b., c. and d. above.
7. "Employee" means natural persons who are past, present or future, full-time and part-time employees, but only while acting with the scope of their employment for the Named Insured, including "leased workers". "Employee" does not include a "temporary worker."
8. "Employee benefit plans" mean group life insurance, group accident or health insurance, profit sharing plans, pension plans, "employee" stock subscription plans, "employee" travel, vacation, or savings plans, workers compensation, unemployment insurance, social security and disability benefits insurance, and any other similar benefit program applying to "employees" or "volunteer workers."
9. "Employment practices" means the following, when alleged by a "volunteer worker," "employee" or applicant for employment, in connection with that person's actual or proposed employment relationship with the "Named Insured":

an actual or alleged improper employment-related act, error or omission, including:

- a. Failing to hire or refusing to hire;
 - b. Wrongful dismissal, discharge, or termination of employment or membership, whether actual or constructive;
 - c. Wrongful deprivation of a career opportunity, or failure to promote;
 - d. Wrongful discipline or demotion of "volunteer workers" or "employees";
 - e. Negligent evaluation of "volunteer workers" or "employees";
 - f. Retaliation against "volunteer workers" or "employees" for the exercise of any legally protected right or for engaging in any legally protected activity;
 - g. Failure to adopt adequate workplace or employment-related policies and procedures, or the breach of any manual or employment-related policies or procedures;
 - h. Harassment, including "sexual harassment";
 - i. Libel, slander, defamation or invasion of privacy; or
 - j. Violation of any federal, state or local laws (whether common law or statutory) concerning discrimination in employment.
10. "Executive Officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
11. "Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or by-products produced or released by "fungi".
12. "Injunctive relief" means equitable relief sought through a demand for the issuance of a permanent, preliminary or temporary injunction, restraining order, or similar prohibitive writ against an insured, or order for specific performance by an insured.
13. "Law enforcement activity" means the activities of any insured while acting as a law enforcement official, officer, auxiliary officer, "employee," or "volunteer worker" of the law enforcement agency or department of the Named Insured. "Law enforcement activity" does not include your operations related to any building, code, license, permit, health, sanitation, animal control, safety, planning or zoning enforcement.
14. "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".
15. "Personal and advertising injury" means injury, including consequential "bodily injury," arising out of one or more of the following offenses:
- a. False arrest, detention or imprisonment;
 - b. Malicious prosecution;
 - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, or any other interference with real property rights;
 - d. Oral or written publication in any manner of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
 - e. Oral or written publication in any manner of material that violates a person's right of privacy;
 - f. The use of another's advertising idea in your advertisement, or
 - g. Infringing upon another's copyright, trade dress or slogan in your advertisement.
16. "Policy period" means the term of duration of the policy shown in the Declarations.

17. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
18. "Professional healthcare services" means:
- a. Providing medical or nursing services;
 - b. Providing professional services of any other healthcare professional, including emergency medical technicians and paramedics;
 - c. Furnishing or dispensing drugs or medical, surgical or dental supplies or appliances;
 - d. Handling of patients:
 - (1) From the place where they are accepted for movement into or onto the means of transport,
 - (2) During transport, and
 - (3) From the means of transport to the place where they are finally delivered;
 - e. Dispatching of, including the failure or refusal to dispatch, personnel to provide any of the above services;
 - f. Serving on, or carrying out the orders of, a healthcare accreditation board or similar professional board or committee; and
 - g. Establishing medical protocol, creating medical training curricula, providing medical training, conducting medical quality assurance programs, and carrying out similar duties.
19. "Property damage" means:
- a. Physical injury to tangible property, including all resulting loss of use of that property; and
 - b. Loss of use of tangible property that is not physically injured but results from a. above.
20. "Sexual abuse" means any actual, attempted or alleged sexual conduct by a person, or by persons acting in concert, which causes injury. "Sexual abuse" includes sexual molestation, sexual assault, sexual exploitation or sexual injury, but does not include "sexual harassment".
21. "Sexual harassment" means any actual, attempted or alleged unwelcome sexual advances, requests for sexual favors, or other conduct of a sexual nature by a person, or by persons acting in concert, which causes injury, but only when:
- a. Submission to or rejection of such conduct is made either explicitly or implicitly a condition of a person's employment, or a basis for employment decisions affecting a person; or
 - b. Such conduct has the purpose or effect of interfering with a person's work performance or creating an intimidating, hostile or offensive work environment.
22. "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.
23. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.
24. "Water or wastewater professional activities" means your activities as a water or wastewater district, water utility, or as any other entity whose primary duty is the treatment and distribution of potable water, or the collection and treatment of wastewater.
25. "Wrongful act" means any actual or alleged error, act, omission, neglect, misfeasance, nonfeasance, or breach of duty, including violation of any civil rights law, by any insured in the discharge of their duties for the Named Insured, individually or collectively, that results directly but unexpectedly and unintentionally in "damages" to others.

EXCLUSION – EMPLOYMENT PRACTICES
THIS ENDORSEMENT CHANGES THE COVERAGE FORM.
PLEASE READ IT CAREFULLY.

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:
PUBLIC OFFICIALS AND MANAGEMENT LIABILITY COVERAGE FORM (OCCURRENCE
PUBLIC OFFICIALS AND MANAGEMENT LIABILITY COVERAGE FORM (CLAIMS-MADE)

SECTION I. – COVERAGES, COVERAGE A. INSURING AGREEMENT – LIABILITY FOR MONETARY DAMAGES and COVERAGE B. INSURING AGREEMENT – DEFENSE EXPENSE FOR INJUNCTIVE RELIEF do not apply to, and no coverage is available under this Coverage Form for, any “wrongful act,” “employment practices” offense, offense, damage, loss or expense arising from “employment practices”.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

PRIVACY LIABILITY AND NETWORK RISK COVERAGE

THIS ENDORSEMENT CHANGES THE COVERAGE FORM.

PLEASE READ IT CAREFULLY.

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

PUBLIC OFFICIALS AND MANAGEMENT LIABILITY COVERAGE FORM (OCCURRENCE)
PUBLIC OFFICIALS AND MANAGEMENT LIABILITY COVERAGE FORM (CLAIMS-MADE)

Bolded terms used in this endorsement shall have the meaning as set forth herein. Other terms set forth in quotations shall be as defined in the Policy.

Coverage under this endorsement is provided on a **Claims-Made** basis. **Defense Expenses** are included within the **Limits of Insurance** which are set forth in this Endorsement.

The following additional coverage is hereby added to the policy:

I. INSURING AGREEMENTS

A. Privacy Liability Coverage

The **Insurer** shall pay on behalf of the **Insured**, the **Loss** from **Claims** first made against the **Insured** during the "Policy Period," or any applicable Extended Reporting Period, and reported to the **Insurer** in accordance with the terms of this Endorsement, for any of the following **Wrongful Acts**, which take place on or after the Retroactive Date set forth below and before the end of the "Policy Period":

1. **Privacy Wrongful Acts**; or
2. **Network Security Wrongful Acts**.

RETROACTIVE DATE: 3/17/2000

B. Breach Consultation Services Coverage

The **Insurer** shall pay on behalf of the **Insured**, for **Breach Consultation Services** arising from an actual or potential **Privacy Wrongful Act**, which takes place during the "Policy Period" and is reported to the **Insurer** in accordance with the terms of this Endorsement.

C. Breach Response Services Coverage

The **Insurer** shall reimburse the **Insured**, for **Breach Response Services** arising from a **Privacy Wrongful Act**, which takes place during the "Policy Period" and is reported to the **Insurer** in accordance with the terms of this Endorsement.

D. Supplemental Privacy Coverage

1. Public Relations Coverage

The **Insurer** shall reimburse the **Insured** the **Public Relations Expenses**

incurred by the **Insured** in connection with a **Public Relations Event**, which first takes place, or is reasonably anticipated to take place, during the "Policy Period" and is reported to the **Insurer** in accordance with the terms of this Endorsement.

2. **Data Forensic Expenses Coverage**

The **Insurer** shall reimburse the **Insured** for **Data Forensic Expenses** incurred by the **Insured** resulting from the unauthorized misappropriation or disclosure of **Personally Identifiable Information**, which first occurs during the "Policy Period" and which the **Insured** reasonably believes might result in a **Claim** for a **Privacy Wrongful Act** or a **Network Security Wrongful Act** and is reported to the **Insurer** in accordance with the terms of this Endorsement.

Such expenses are not eligible for coverage under this Insuring Agreement in the event such expenses are covered as **Loss** under Insuring Agreement A.

II. **DEFINITIONS**

Terms set forth in quotations in this Endorsement shall have the meaning set forth in the Policy. The following bolded terms, when used in this Endorsement mean:

- A. **Affected Individual** means any individual whose **Personally Identifiable Information** was accessed by or disclosed to, or reasonably may have been accessed by or disclosed to, an unauthorized individual as a result of a **Privacy Wrongful Act**.
- B. **Breach Consultation Services** means any reasonable and necessary costs incurred by or on behalf of the **Insured** to:
1. determine the applicability of, and the **Insured's** obligation to comply with, any **Breach Notification Law**;
 2. draft a notification letter to be sent to any **Affected Individual** required to be notified by the **Insured**;
 3. retain a qualified forensics firm, as set forth in the attached Schedule of Services, to investigate, examine and analyze the **Insured's Network** to determine the cause and source of the unauthorized misappropriation or disclosure of **Personally Identifiable Information** and the extent to which such **Personally Identifiable Information** was accessed;
 4. retain a qualified public relations firm, crisis management firm or law firm, as set forth in the attached Schedule of Services, to minimize potential harm arising from a **Public Relations Event**; and
 5. retain a qualified service provider, as set forth in the attached Schedule of Services, to provide **Breach Response Services**.
- Breach Consultation Services** are described in more detail in the attached Schedule of Services, which is incorporated into and part of the coverage under this Endorsement.
- C. **Breach Notification Law** means any U.S. federal or state law which requires an entity to provide notice to any individual whose **Personally Identifiable Information** was accessed by or disclosed to or reasonably may have been accessed by or disclosed to an unauthorized individual.

- D. **Breach Response Services** means:
1. **Notice Fulfillment Services**;
 2. **Call Center Services**;
 3. **Credit Monitoring Services**; and
 4. **Identity Theft Resolution Services**.
- E. **Call Center Services** means the establishment and operation of a call center. Call center employees shall provide information to **Affected Individuals** regarding **Privacy Wrongful Acts, Public Relations Events, Credit Monitoring Services** and **Identity Theft Resolution Services**.
- F. **Claim** means any:
1. written demand for monetary, non-monetary, or injunctive relief;
 2. civil proceeding in a court of law or equity, including any appeal therefrom, which is commenced by the filing of a complaint, motion for judgment, or similar proceeding;
 3. administrative or regulatory investigation or proceeding;
 4. arbitration proceeding;
 5. prosecution or governmental action related to **Privacy Wrongful Acts**; or
 6. written request to toll or waive a statute of limitations.
- G. **Credit Monitoring Services** means triple bureau credit monitoring provided to each **Affected Individual** who enrolls for such services.
- H. **Data Forensic Expenses** means the reasonable and necessary costs incurred by the **Insured** to retain a qualified forensics firm to investigate, examine and analyze the **Insured's Network** to determine the cause and source of the unauthorized misappropriation or disclosure of **Personally Identifiable Information** and the extent to which such **Personally Identifiable Information** was accessed.
- I. **Defense Expenses** means reasonable legal fees and expenses incurred by or on behalf of the **Insured** by the **Insurer** in the defense or appeal of a **Claim**; provided that **Defense Expenses** will not include the **Insured's** overhead expenses or any salaries, wages, fees, or benefits paid to its "Employees."
- J. **Identity Theft** means the misappropriation of **Personally Identifiable Information** or any other confidential information which has resulted in the wrongful or fraudulent use of such **Personally Identifiable Information**, including, but not limited to, fraudulently emulating the identity of an individual or corporation.
- K. **Identity Theft Resolution Services** means Identity Theft Monitoring and Complete Identity Repair services provided to any **Affected Individual** whose identity has been compromised as a result of a **Privacy Wrongful Act**.
- L. **Insured** shall have the meaning as set forth in the Policy, provided that for purposes of coverage under this Endorsement, a **Third Party Contractor** is not an **Insured**.
- M. **Insurer** means the entity providing this insurance as set forth in the Declarations to the Policy which this Endorsement is attached to.
- N. **Loss** means **Defense Expenses** and monetary damages, pre-judgment interest, post-judgment interest, judgments, settlements, fines and penalties assessed pursuant to U.S. federal or state law for **Privacy Wrongful Acts**, punitive or exemplary damages where insurable under applicable law, or other amounts that an **Insured** becomes legally obligated to pay as a result of a **Claim**. **Loss** shall also include amounts that have been paid to a consumer by an **Insured**, with the prior written consent of the **Insurer**, from a consumer

redress fund established by the **Insured**, provided the **Insured** was legally obligated to pay such amount as a result of a **Claim**.

For the purpose of determining the insurability of punitive or exemplary damages under this Policy, the laws of the jurisdiction most favorable to the insurability of such damages shall control if that jurisdiction:

1. is the location of the court that awarded or imposed such damages;
2. is where the **Insured** is incorporated or otherwise organized or has a place of business; or
3. is where the **Insurer** is incorporated or otherwise organized or has its principal place of business.

Loss does not include:

- a. fines, penalties, taxes or the multiplied portion of multiple damages, except for those fines and penalties described in the first paragraph of this Definition;
 - b. future profits, future royalties, costs of licensing, or other costs of obtaining future use, restitution, or disgorgement by any **Insured**;
 - c. the costs to comply with orders granting injunctive relief or non-monetary relief, including specific performance, or any agreement to provide such relief;
 - d. return or offset of fees, charges, royalties, or commissions for goods or services already provided or contracted to be provided;
 - e. remedies due pursuant to a contractual provision; or sums due pursuant to a contractual provision for liquidated damages, agreed penalties, or similar remedy,
 - f. any amount which the **Insured** is not legally obligated to pay; or
 - g. matters which are uninsurable under applicable law.
- O. **Malicious Code** means unauthorized and either corrupting or harmful software code, including but not limited to computer viruses, Trojan horses, worms, logic bombs, spy ware or spider ware.
- P. **Named Insured** means the organization set forth in Item 1. of the Declarations.
- Q. **Network** means computer hardware, software, firmware, and components thereof, including software and electronic data stored on or within the **Insured's Network**, which are connected through two or more computers, including such networks accessible through the Internet, intranets, extranets or virtual private networks. **Network** shall not include the computer hardware, software, firmware, or components thereof, of any third party provider of telephone, telecommunications, cable, Internet, or satellite services.
- R. **Network Security** means the use of hardware, software and firmware, including, without limitation, firewalls, filters, routers, intrusion detection software, antivirus software, automated password management applications and other authentication mechanisms, which are designed to control or restrict the access to a **Network**, or parts thereof. **Network Security** shall also include the use of third party service providers which provide, or assist in the provisioning, of such hardware, software and firmware.
- S. **Network Security Wrongful Act** means any actual or alleged act, error, misstatement, misleading statement, omission, neglect or breach of duty committed by an **Insured** or **Third Party Contractor**, which results in a breach of the **Insured's Network Security**, the consequences of which are:
1. unauthorized access to, use of or tampering with a third party's **Network**;
 2. the inability of an authorized third party to gain access to the **Insured's** services;

3. denial or disruption of Internet service to an authorized third party;
4. **Identity Theft**;
5. the transmission of **Malicious Code**; or
6. the unauthorized release of a third party's confidential and proprietary business information.

T. **Notice Fulfillment Services** means services to provide notification to **Affected Individuals** pursuant to any applicable **Breach Notification Law** or at the **Insured's** discretion provided that **Personally Identifiable Information**, as set forth in Definition U., part 1., was compromised, including printing services, mailing services and postage services associated with mail notice.

U. **Personally Identifiable Information** means:

1. information from which an individual may be uniquely and reliably identified, including, but not limited to an individual's name, address, telephone number, email address, in combination with their social security number, account relationships, account numbers, passwords, PIN numbers, credit card numbers or biometric information; or
2. personal information as defined in any U.S. federal or state privacy protection law governing the control and use of an individual's personal and confidential information, including any regulations promulgated thereunder, or any similar or related laws or regulations of any foreign jurisdiction, including but not limited to:
 - a. "nonpublic personal information" as defined by Title V of the Gramm-Leach-Bliley Act of 1999, as amended, and any regulations promulgated thereto;
 - b. "protected health information" as defined by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), or the Health Information Technology for Economic and Clinical Health Act of 2009 ("HITECH"), as amended, and any regulations promulgated thereto;
 - c. personal information as defined in the California Database Protection Act of 2003 and California A.B. 1950, as amended, and any regulations promulgated thereto;
 - d. "customer" information held by a "creditor" or "financial institution," as defined by and protected under the "FTC Red Flags Rule".

V. **Privacy Wrongful Act** means any actual or alleged act, error, misstatement, misleading statement, omission, neglect or breach of duty committed by any **Insured** or **Third Party Contractor**, which results in:

1. the misappropriation or disclosure of **Personally Identifiable Information**;
2. a breach or violation of U.S. federal or state law or regulations associated with the control and use of **Personally Identifiable Information**, or any similar or related laws or regulations of any foreign jurisdiction;
3. **Identity Theft**; or
4. the unauthorized release of a third party's confidential and proprietary information.

W. **Public Relations Event** means the publication of unfavorable information relating to the **Wrongful Acts** of an **Insured**, which can be reasonably considered to lessen public confidence in the competence, integrity or viability of the **Insured** to conduct business.

X. **Public Relations Expenses** means the following amounts, when incurred during the pendency of, and in anticipation of, a **Public Relations Event**:

1. amounts for which the **Insured** incurs for those services performed by a public relations firm, crisis management firm or law firm selected by the **Insured** and approved in advance in writing by the **Insurer**, to minimize potential harm to the **Insured** arising from

a **Public Relations Event**, including, without limitation, maintaining and restoring public confidence in the **Insured**, and providing advice to the **Insured** or any of its directors, officers, partners or "Employees"; and

2. amounts for which the **Insured** becomes legally liable for the reasonable and necessary printing, advertising, mailing of materials, or travel by directors, officers, partners, "Employees" or the firm rendering services as referenced above.

Public Relations Expenses shall not include compensation, fees, benefits or overhead of any **Insured** or any **Third Party Contractor**.

Y. **Related Claims** means all **Claims** for **Wrongful Acts** based on, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving the same or related series of facts, circumstances, situations, transactions or events, whether related logically, causally, or in any other way.

Z. **Third Party Contractor** means a person or organization that provides services to or on behalf of an **Insured** pursuant to a written agreement in circumstances where the person or organization acts within the scope of the agreement and the agreement has been reviewed by the **Insured's** in-house or outside counsel prior to execution of the agreement.

AA. **Wrongful Act** means a **Privacy Wrongful Act** or a **Network Security Wrongful Act**.

III. EXCLUSIONS

The coverage provided by this endorsement is subject to all exclusions in the Policy, in addition to those exclusions set forth below:

1. This Endorsement does not cover **Loss** from **Claims**, or any other costs, expenses or damages incurred by the **Insured** or any other party, based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving, any of the following:
 - a. failure, interruption or reduction in supply of utility service or infrastructure, including, without limitation, electrical, gas, water, telephone, Internet, cable, satellite, or telecommunications;
 - b. war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war is declared or not), strike, lock-out, riot, civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power;
 - c. "Bodily Injury," "Property Damage" or "Personal and Advertising Injury;"
 - d. transfer of, or the failure to transfer funds, money or securities;
 - e. unsolicited electronic dissemination of faxes, e-mails, text messages or similar communications to actual or prospective customers of the **Insured** or any subsidiary, or to any other third party, including but not limited to any violation of the Telephone Consumer Protection Act, any federal or state anti-spam statute, or any other federal or state statute, law or regulation relating to a person's or entity's right of seclusion; provided, however that this Exclusion shall not apply to:
 - i. any portion of an otherwise covered **Claim** for a **Network Security Wrongful Act** or a **Privacy Wrongful Act**; or
 - ii. any unintentional dissemination of faxes;

- f. discrimination of any kind, including but not limited to, race, creed, religion, age, handicap, sex, marital status or financial condition; refusal to employ, termination of employment, coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, or any other employment-related practices, policies, acts, errors or omissions;
 - g. price fixing, restraint of trade, monopolization, unfair trade practices including violations of the Sherman Anti-Trust Act, the Clayton Act, or any similar provision of any federal, state, or local statutory law or common law anywhere in the world; the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended; the Securities Act of 1933, the Securities Exchange Act of 1934, or any other federal, state or local securities law;
 - h. actual or alleged violation of any law or statute protecting any patent, or any rule or regulation promulgated thereunder or of any provision of the common law imposing liability in connection therewith; or the misappropriation, misuse or disclosure of confidential and proprietary business information or trade secrets, other than a **Network Security Wrongful Act** or **Privacy Wrongful Act** as specifically described in those definitions;
 - i. unlicensed use of software;
 - j. any wireless network that is not protected by either Wi-Fi Protected Access ("WPA") or any other security protocol that provides equal or greater protections than WPA;
 - k. the use of a laptop computer, computer or other electronic device that does not employ whole disc encryption or is not password protected;
 - l. back-up tapes, optical media or any other form of portable back-up media which are not encrypted; or
 - m. any actual or alleged violation of U.S. federal or state law or regulations associated with medical billing and coding services, including but not limited to: (i) procedure coding; (ii) bill, claim, cost report or data submissions; or (iii) the calculation of payments; provided, however, that this Exclusion shall not apply to that portion of an otherwise covered **Claim** resulting in fines and penalties assessed pursuant to U.S. federal or state law for **Privacy Wrongful Acts**;
 - n. expiration or withdrawal of technical support by a software vendor.
2. This Policy does not cover **Loss** from **Claims** brought or maintained by, on behalf of, or in the right of any **Insured**, or any other natural person or entity for whom or which an **Insured** is legally liable; provided that this Exclusion shall not apply to an otherwise covered **Claim** by an employee of the **Insured** alleging a **Privacy Wrongful Act**.

IV. LIMITS AND RETENTIONS

A. Limits of Insurance

1. Aggregate Limit of Insurance For Each Insuring Agreement:

The Aggregate Limits of Insurance for each Insuring Agreement of this Policy are as follows:

Insuring Agreement A: \$1,000,000 in the aggregate for all Claims;
Insuring Agreements B, C and D: \$100,000 in the aggregate for all payments.

The Aggregate Limits of Insurance set forth above are the **Insurer's** maximum liability for each corresponding Insuring Agreement, regardless of the number of **Claims**, claimants, **Privacy Wrongful Acts**, **Public Relations Events** or other matters giving rise to coverage under each Insuring Agreement, or the number of persons or entities included within the definition of **Insured**.

In the event that a **Wrongful Act** or other event triggering coverage under this Endorsement, takes place during more than one Policy Period, the maximum amount payable by the **Insurer** under all policies issued by the **Insurer** or any affiliate thereof, to the **Insured**, shall not exceed the single highest "each Claim" or "each event" limit of insurance applicable.

All **Wrongful Acts** or all other events triggering coverage under this Endorsement, arising from the same or related acts, errors or omissions, facts, situations, incidents or circumstances, regardless of the frequency or repetition thereof, are considered to arise out of a single **Wrongful Act** or event. Such **Wrongful Act** or event shall be deemed to have first taken place at the time of the first act, error, omission, fact, situation, incident or circumstance.

B. Application of Retentions

1. Retention For Each Insuring Agreement

The Retention applicable to Insuring Agreements A., B., C., and D. of this Policy is as follows:

Insuring Agreement A: \$1,000, each and every Claim;

Insuring Agreements B, C and D: \$1,000, each and every Privacy Wrongful Act under Insuring Agreement B and C; or each and every event triggering coverage under Insuring Agreement D.

The **Insurer's** obligation to pay or reimburse the **Insured** for any **Claim**, **Public Relations Event** or other matter giving rise to coverage under Insuring Agreements A., B., C., and D. is in excess of the Retention applicable to each Insuring Agreement. The applicable Retention shall apply to each and every **Claim**, **Public Relations Event** or other matter giving rise to coverage under each Insuring Agreement.

2. Retention Payment by the Insured

The **Insurer** will have no obligation whatsoever, either to the **Insureds** or to any person or entity, to pay all or any portion of any Retention amount on behalf of any **Insured**, although the **Insurer** will, at its sole discretion, have the right and option to do so, in which event, the **Insureds** agree to repay the **Insurer** any amounts so paid.

3. Retention for Same or Related Acts, Errors, Events, Omissions or Circumstances

In the event that the same or related act(s), error(s), event(s), omission(s) or circumstances results in coverage under more than one Insuring Agreement, then only one Retention shall apply, which shall be the highest applicable retention set forth in in this Endorsement.

V. CONDITIONS

A. Other Insurance

1. All **Loss** and other amounts payable under this Policy will be excess of, and will not contribute with, any other valid and collectible insurance provided by any Privacy Policy, Technology Errors & Omissions Policy, Network Security Liability Policy, Cyber-liability Policy, Media Liability Policy or any other equivalent policy, unless such other insurance is specifically stated to be in excess of this Policy. This Policy will not be subject to the terms of any other insurance.
2. Notwithstanding paragraph 1. above, with respect to any **Claim** under Insuring Agreement A. for which any coverage is available under any insurance policy(ies) which applies to claims for "Bodily Injury" and/or "Property Damage," the **Insurer** will have no duty to defend such **Claim**, or to pay **Defense Expenses** incurred by or on behalf of any **Insured** in connection with such **Claim**, or to contribute to any defense provided to any **Insured** under such other insurance policy(ies), or to reimburse any other insurer, in whole or in part, for **Defense Expenses** incurred in connection with such **Claim**.

B. Defense and Settlement of Claims

1. The **Insurer** will have the right and duty to defend any **Claim** under Insuring Agreement A. which is covered in whole or in part, by this Policy even if such **Claim** is groundless, false or fraudulent. No **Insured** may incur any **Defense Expenses** or admit liability for or settle or offer to settle any **Claim** without the **Insurer's** written consent. The **Insurer** will have the right to make investigations and conduct negotiations and, with the consent of the **Insured**, enter into such settlement of any **Claim** as the **Insurer** deems appropriate.
2. The **Insurer** will have no obligation to pay **Loss**, including **Defense Expenses**, or to defend or continue to defend any **Claim** or to pay or reimburse any amounts, costs or expenses pursuant to any Insuring Agreement of the Policy, after the Limit of Insurance applicable to such Insuring Agreement, as stated in this Endorsement, has been exhausted. If the Limits of Insurance stated in this Endorsement are exhausted by the payment of such amounts, the entire premium paid for this Endorsement will be deemed fully earned.
3. In the event there is a determination that the **Insureds** shall not be entitled to payment of **Defense Expenses** under the terms and conditions of this Endorsement and the Policy, such payments by the **Insurer** shall be repaid to the **Insurer** by the **Insureds**.

C. Notice Requirements and Other Duties of the Insured

1. Insuring Agreement A.
 - a. As a condition precedent to any right to payment in respect of any **Claim** made under Insuring Agreement A., the **Insured** must give the **Insurer** written notice of such **Claim**, with full details, as soon as practicable after the **Claim** is first made and in no event later than sixty (60) days after the Expiration Date of the Policy.
 - b. If, during the "Policy Period," the **Insured** first becomes aware of a **Wrongful Act** which may subsequently give rise to a **Claim** and the **Insured**:
 - i. gives the **Insurer** written notice of such **Wrongful Act** as soon as practicable thereafter, but before the Expiration Date or

cancellation of this Policy and such notice includes a description of the **Wrongful Act** in question, the identities of the potential claimants, the consequences that have resulted or may result from such **Wrongful Act**, the **Loss** that may result from such **Wrongful Act**; and

- ii. requests coverage under this Policy for any subsequently resulting **Claim** for such **Wrongful Act**,

then the **Insurer** will treat any such subsequently resulting **Claim** as if had been first made during the "Policy Period".

- c. All **Related Claims** will be treated as a single **Claim** made when the earliest of such **Related Claim** was first made, or when the earliest of such **Related Claims** is treated as having been made in accordance with this Condition, whichever is earlier.

2. Insuring Agreement B.

As a condition precedent to any right to payment in respect of any **Breach Consultation Services** under Insuring Agreement B., the **Insured** must give the **Insurer** notice by calling the Allied World Incident Evaluation Hotline, pursuant to the procedures set forth in the attached Schedule of Services, of any **Privacy Wrongful Act** as soon as practicable thereafter, and in no event later than thirty (30) days after the Expiration Date of the Policy. Such notice shall include a description of the **Privacy Wrongful Act** in question, the identities of the potential claimants, the consequences that have resulted or may result from such **Privacy Wrongful Act**.

3. Insuring Agreement C.

- a. If the **Insured** incurs any costs associated with **Breach Response Services** arising from a **Privacy Wrongful Act**, then, as a condition precedent to any right to payment in respect to such costs under Insuring Agreement C., the **Insured** must report such costs to the **Insurer** as soon as practicable after the **Privacy Wrongful Act** takes place, but in no event later than thirty (30) days after the **Insured** first incurs such costs.
- b. The service provider selected by the **Insured** to perform **Breach Response Services** must be approved in writing by the **Insurer**, prior to the **Insured** incurring any costs associated with **Breach Response Services**.

4. Insuring Agreement D.1.

- a. As a condition precedent to any right to payment in respect of any **Public Relations Event** under Insuring Agreement D.1., the **Insured** must give the **Insurer** written notice of such actual or anticipated **Public Relations Event** as soon as practicable, but in no event later than thirty (30) days after the Expiration Date of the Policy.
- b. The public relations firm, crisis management firm or law firm selected by the **Insured** to perform services in connection with a **Public Relations Event** must be approved in writing by the **Insurer**, prior to the **Insured** incurring any **Public Relations Expenses**.

- c. All **Public Relations Expenses** must be reported to the **Insurer** as soon as practicable, but in no event later than thirty (30) days after the **Insured** first incurs such **Public Relations Expenses**.
- 5. Insuring Agreement D.2.
 - a. As a condition precedent to any right to payment in respect of any unauthorized misappropriation or disclosure of **Personally Identifiable Information** under Insuring Agreement D.2., the **Insured** must give the **Insurer** written notice of such unauthorized misappropriation or disclosure of **Personally Identifiable Information** as soon as practicable after it is discovered by the **Insured**, but in no event later than thirty (30) days after the Expiration Date of the Policy.
 - b. The forensics firm selected by the **Insured** to perform data forensic services in connection with such unauthorized misappropriation or disclosure of **Personally Identifiable Information** must be approved in writing by the **Insurer**, prior to the **Insured** incurring any **Data Forensic Expenses**.
 - c. The **Insured** must report any **Data Forensic Expenses** to the **Insurer** as soon as practicable but in no event later than thirty (30) days after the **Insured** first incurs such **Data Forensic Expenses**.
- 6. Notices To Insurer

Notice of **Claims** to the **Insurer** under Insuring Agreement A. of this Endorsement shall be transmitted by the **Insured** by electronic mail to:

Email Address: noticeofloss@awac.com.

All other notices by the **Insured** to the **Insurer** under Insuring Agreements B. through D. of this Endorsement shall be by telephone using the toll-free number set forth in the attached Schedule of Services.

Such notices shall be deemed effective when received by the **Insurer**.

PRIVACY LIABILITY AND NETWORK RISK SCHEDULE OF SERVICES

The foregoing is a description of the **Breach Consultation Services** and **Breach Response Services** provided under the Endorsement entitled Privacy Liability and Network Risk Coverage to the Public Officials and Management Liability with Employment Practices and Employee Benefits Coverage Form (hereinafter, "the Endorsement").

Additional information, including approved service providers, can be found at <http://www.criskhub.com/awac>.

In the event an actual or potential **Privacy Wrongful Act** occurs and the **Insured** seeks coverage under the Endorsement, the **Insured** shall follow the procedures and requirements as provided in this Schedule of Services. Upon notifying the **Insurer** of the **Privacy Wrongful Act**, the **Insured** shall provide the **Insurer** and any Breach Consultant or Preferred Service Provider set forth below with all information, assistance, and cooperation that is reasonably requested, including entering into any contract necessary for the rendering of **Breach Consultation Services** and **Breach Response Services**.

I. Breach Consultant

The **Insured** shall notify the **Insurer** of any **Privacy Wrongful Act** by calling the Allied World Incident Evaluation Hotline, 844-736-2428. As a result of this notification, the **Insured** shall be contacted by a designated Breach Consultant who shall gather information from the **Insured** and assess the severity of the **Privacy Wrongful Act**. After this evaluation, the Breach Consultant shall provide the **Insured** with guidance on how to respond to the **Privacy Wrongful Act**. In accordance, the Breach Consultant shall represent and provide the **Insured** with **Breach Consultation Services**.

Breach Consultants shall be attorneys from the firm of Mullen Coughlin, LLC <http://www.mullen.legal>. In the event of a conflict, the **Insurer** shall provide the **Insured** with alternative approved firms to act as the Breach Consultant and provide the **Insured** with **Breach Consultation Services**.

II. Breach Consultation Services

A. Legal Services

The Breach Consultant shall represent the **Insured** throughout the breach response process. The Breach Consultant shall provide services including, but not limited to, determining the applicability of and the **Insured's** obligation to comply with any **Breach Notification Law** and if necessary, managing all third party service providers, preparing notification letters, other correspondence and messaging for **Affected Individuals**, regulatory entities, the media, and other entities as necessary and recommended.

B. Data Forensics

In the event of an actual or potential **Privacy Wrongful Act** resulting from a breach of the **Insured's Network**, the Breach Consultant shall retain and direct, on behalf of the **Insured**, a qualified forensics firm to investigate, examine and analyze the **Network** to determine the cause and source of the unauthorized misappropriation or disclosure of **Personally Identifiable Information** and the extent to which such **Personally Identifiable Information** was accessed. Forensics firms shall be selected from the approved list on <http://www.criskhub.com/awac>. The **Insured** may, as recommended by the Breach Consultant, select an alternative forensics firm, in accordance

with the Endorsement. The forensics firm shall require access to the **Insured's Network**. The **Insured** shall comply with all reasonable requests of the forensics firm throughout the course of the investigation.

C. Public Relations Expenses

In the event a **Public Relations Event** occurs, the Breach Consultant shall retain and direct, on behalf of the **Insured**, a qualified public relations firm, crisis management firm or law firm to minimize any potential harm to the **Insured** arising from such **Public Relations Event**. Such firms shall be selected from the approved list on <http://www.eriskhub.com/awac>. The **Insured** may, as recommended by the Breach Consultant, select an alternative firm, in accordance with the Endorsement.

D. Breach Response Services

In the event the Breach Consultant determines it is necessary for the **Insured** to provide **Breach Response Services** to **Affected Individuals**, or the **Insured** elects to provide such **Breach Response Services**, the Breach Consultant shall retain and direct, on behalf of the **Insured**, the Preferred Service Provider, as set forth below, to render such **Breach Response Services**.

III. Breach Response Services

Breach Response Services shall be provided by Mullen Coughlin, LLC <http://www.mullen.legal> (hereinafter "Preferred Service Provider").

A. Data Look Up Services/Notice Fulfillment Services

Data Look Up Services

The Preferred Service Provider shall provide services for the **Insured** including, but not limited to, address lookup, deceased lookup and social security number verification for all **Affected Individuals**.

Notice Fulfillment Services

The Preferred Service Provider shall coordinate mail notification services such as notification letter printing, mailing and return mail management. All notification letters shall be sent to **Affected Individuals** via first class mail.

B. Call Center Services/Call Center Reports

Call Center Services

The Preferred Service Provider shall provide a call center, accessible to U.S. resident callers by a toll-free number, for a period of up to ninety (90) days, as determined by the Breach Consultant, following notification of a **Privacy Wrongful Act**. Call center employees shall answer questions from **Affected Individuals** about the **Privacy Wrongful Act** and **Public Relations Event** and provide information regarding **Credit Monitoring Services** and **Identity Theft Resolution Services** including the enrollment process.

Call Center Reports

The Preferred Service Provider shall provide the **Insured** with a weekly call report including total calls, total calls answered, total abandoned calls, call abandonment rate and average speed of answer.

C. Enrollment Services/Enrollment Reports

Enrollment Services

The Preferred Service Provider shall provide web-based enrollment on behalf of the **Insured** for its **Credit Monitoring Services** and Identity Theft Monitoring offered to **Affected Individuals**. Enrollment Services shall include a web page hosted by the Preferred Service Provider containing information about **Credit Monitoring Services** and Identity Theft Monitoring, including the duration of such services and customer support phone numbers.

Enrollment Reports

The Preferred Service Provider shall provide the **Insured** with a monthly enrollment report, accessible through a secure portal, which contains the total number of **Affected Individuals** enrolled in **Credit Monitoring Services**

D. Credit Monitoring Services

The Preferred Service Provider shall provide any **Affected Individual**, who has enrolled in **Credit Monitoring Services**, with access to triple bureau credit monitoring for one year from the date of enrollment.

E. Identity Theft Resolution Services

Identity Theft Monitoring

The Preferred Service Provider shall notify any **Affected Individual**, who has enrolled in Identity Theft Monitoring, when stolen identity information is detected and reported. Stolen identity information includes compromised bank account log-ins, credit card numbers, social security numbers, and other online log-ins such as emails and passwords. In the event the Preferred Service Provider receives notification that an **Affected Individual's** identity has been found through Identity Theft Monitoring, the **Affected Individual** shall be contacted via telephone or email. Identity Theft Monitoring shall be provided to **Affected Individuals** for one year from the date of enrollment.

Complete Identity Repair

All **Affected Individuals** shall be automatically enrolled for Complete Identity Repair. In the event that the identity of any **Affected Individual** has been stolen, the Preferred Service Provider shall work with creditors and credit bureaus to help repair the **Affected Individual's** identity. The Preferred Service Provider shall also help repair the **Affected Individual's** credit should he or she become the victim of **Identity Theft**. Complete Identity Repair includes, but is not limited to, proactively searching for all undiscovered activity using credit and other data sources, completing all required documentation and initiating disputes with all credit bureaus and affected institutions, providing regular status updates and confirming with the **Affected Individual** when his or her identity has been fully restored. Complete Identity Repair shall be provided to **Affected Individuals** for one year from the date of the **Privacy Wrongful Act** occurred.